SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
- ----- EXCHANGE ACT OF 1934 - For the quarter ended June 30, 2002

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
- ----- EXCHANGE ACT OF 1934

Commission file number 1-640

NL INDUSTRIES, INC.
- ----------
(Exact name of registrant as specified in its charter)

New Jersey	13-5267260
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
16825 Northchase Drive, Suite 1200, Houston, Texas	77060-2544
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (281) 423-3300

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

Number of shares of common stock outstanding on August 13, 2002: 48,623,984

NL INDUSTRIES, INC. AND SUBSIDIARIES

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NL INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands)

ASSETS	June 30, 2002	December 31, 2001
Current assets:		
Cash and cash equivalents	$ 176,182	$ 116,037
Restricted cash equivalents	54,405	63,257
Restricted marketable debt securities	7,119	3,583
Accounts and notes receivable	156,353	125,721
Receivable from affiliates	2,848	3,698
Refundable income taxes	3,153	1,530
Inventories	177,809	231,056
Prepaid expenses	4,480	3,193
Deferred income taxes	10,475	11,011
Total current assets	592,824	559,086
Other assets:		
Marketable equity securities	49,754	45,227
Receivable from affiliate	31,650	31,650
Investment in TiO2 manufacturing joint venture	136,178	138,428
Prepaid pension cost	22,266	18,411
Restricted marketable debt securities	10,860	16,121
Restricted cash equivalents	2,732	--
Unrecognized net pension obligations	5,901	5,901
Other	21,429	6,517
Total other assets	280,770	262,255
Property and equipment:		
Land	27,308	24,579
Buildings	144,845	130,710
Machinery and equipment	604,724	537,958
Mining properties	77,551	67,649
Construction in progress	11,524	5,071
	865,952	765,967
Less accumulated depreciation and depletion	502,508	436,217
Net property and equipment	363,444	329,750
	$1,237,038	$1,151,091

NL INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (CONTINUED)

(In thousands)

LIABILITIES AND SHAREHOLDERS' EQUITY	June 30, 2002	December 31, 2001
Current liabilities:		
Notes payable	$ --	$ 46,201
Current maturities of long-term debt	1,225	1,033
Accounts payable and accrued liabilities	136,943	176,223
Payable to affiliates	9,140	6,919
Accrued environmental costs	52,547	59,891
Income taxes	6,941	7,277
Deferred income taxes	1,732	1,530
Total current liabilities	208,528	299,074
Noncurrent liabilities:		
Long-term debt	323,823	195,465
Deferred income taxes	153,400	143,256
Accrued environmental costs	49,226	47,589
Accrued pension cost	26,958	26,985
Accrued postretirement benefits cost	28,738	29,842
Other	14,400	14,729
Total noncurrent liabilities	596,545	457,866
Minority interest	7,603	7,208
Shareholders' equity:		
Common stock	8,355	8,355
Additional paid-in capital	777,638	777,597
Retained earnings	223,624	222,722
Accumulated other comprehensive loss	(166,866)	(206,351)
Treasury stock	(418,389)	(415,380)
Total shareholders' equity	424,362	386,943
	$ 1,237,038	$ 1,151,091

Commitments and contingencies (Note 16)

See accompanying notes to consolidated financial statements.

NL INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share data)

	Three months ended June 30,		Six months ended June 30,	
	2002	2001	2002	2001
Revenues and other income:				
Net sales	$ 226,909	$ 220,105	$ 429,266	$446,165
Other income, net	7,906	5,298	12,901	20,729
	234,815	225,403	442,167	466,894
Costs and expenses:				
Cost of sales	176,247	151,320	332,500	301,222
Selling, general and administrative	32,389	29,336	67,234	61,658
Interest	8,078	6,887	14,613	13,863
	216,714	187,543	414,347	376,743
Income before income taxes and minority interest	18,101	37,860	27,820	90,151
Income tax expense	3,867	12,069	7,018	29,215
Income before minority interest	14,234	25,791	20,802	60,936
Minority interest	186	367	370	953
Net income	$ 14,048	$ 25,424	$ 20,432	$ 59,983
Earnings per share:				
Basic	$ .29	$ .51	$ .42	$ 1.20
Diluted	$ .29	$ .51	$ .42	$ 1.20
Weighted average shares used in the calculation of earnings per share:				
Basic	48,827	49,932	48,848	50,005
Dilutive impact of stock options	126	95	98	183
Diluted	48,953	50,027	48,946	50,188

See accompanying notes to consolidated financial statements.

NL INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

	Three months ended June 30,		Six months ended June 30,	
	2002	2001	2002	2001
Net income	$ 14,048	$ 25,424	$ 20,432	$ 59,983
Other comprehensive income (loss), net of tax:				
Marketable securities adjustment:				
Unrealized holding gains arising during the period	4,652	7,391	3,129	3,589
Add: reclassification adjustment for loss included in net income	--	736	--	736
	4,652	8,127	3,129	4,325
Currency translation adjustment	38,965	(4,467)	36,356	(20,365)
Total other comprehensive income (loss)	43,617	3,660	39,485	(16,040)
Comprehensive income	$ 57,665	$ 29,084	$ 59,917	$ 43,943

See accompanying notes to consolidated financial statements.

NL INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

Six months ended June 30, 2002

(In thousands)

	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)			Treasury stock	Total
				Currency translation	Pension liabilities	Marketable securities		
Balance at December 31, 2001	$8,355	$777,597	$222,722	$(208,349)	$(6,352)	$ 8,350	$(415,380)	$386,943
Net income	--	--	20,432	--	--	--	--	20,432
Other comprehensive income, net of tax	--	--	--	36,356	--	3,129	--	39,485
Dividends	--	--	(19,530)	--	--	--	--	(19,530)
Tax benefit of stock options exercised	--	41	--	--	--	--	--	41
Treasury stock:								
Acquired (228 shares)	--	--	--	--	--	--	(3,271)	(3,271)
Reissued (23 shares)	--	--	--	--	--	--	262	262
Balance at June 30, 2002	$8,355	$777,638	$223,624	$(171,993)	$(6,352)	$11,479	$(418,389)	$424,362

See accompanying notes to consolidated financial statements.

NL INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Six months ended June 30, 2002 and 2001

(In thousands)

	2002	2001
Cash flows from operating activities:		
Net income	$ 20,432	$ 59,983
Depreciation, depletion and amortization	15,820	14,930
Deferred income taxes	2,400	5,140
Distributions from TiO2 manufacturing joint venture	2,250	4,950
Litigation settlement gain, net included in restricted cash	--	(10,307)
Net losses from securities transactions	12	1,133
Insurance recoveries, net	--	(1,929)
Other, net	(3,572)	(2,065)
	37,342	71,835
Change in assets and liabilities:		
Accounts and notes receivable	(29,665)	(30,409)
Insurance receivable	11,053	(718)
Inventories	68,227	21,463
Prepaid expenses	(796)	(2,520)
Accounts payable and accrued liabilities	(58,638)	(16,310)
Income taxes	(2,878)	4,928
Other, net	11,856	(3,008)
Net cash provided by operating activities	36,501	45,261
Cash flows from investing activities:		
Capital expenditures	(12,076)	(17,705)
Property damaged by fire:		
Insurance proceeds	--	5,500
Other, net	--	(1,000)
Loans to affiliates:		
Loans	--	(33,400)
Collections	500	250
Acquisition of business	(9,149)	--
Change in restricted cash equivalents and restricted marketable debt securities, net	595	682
Other, net	830	41
Net cash used by investing activities	(19,300)	(45,632)

NL INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

Six months ended June 30, 2002 and 2001

(In thousands)

	2002	2001
Cash flows from financing activities:		
Dividends paid	$ (19,530)	$ (19,993)
Treasury stock:		
Purchased	(3,271)	(2,718)
Reissued	262	606
Indebtedness:		
Borrowings	319,275	1,437
Principal payments	(247,688)	(6,990)
Deferred financing costs	(9,342)	--
Other, net	(11)	(5)
Net cash provided (used) by financing activities	39,695	(27,663)
Cash and cash equivalents:		
Net change from:		
Operating, investing and financing activities	56,896	(28,034)
Currency translation	3,053	(3,276)
Acquisition of business	196	--
	60,145	(31,310)
Balance at beginning of period	116,037	120,378
Balance at end of period	$ 176,182	$ 89,068
Supplemental disclosures - cash paid for:		
Interest	$ 18,599	$ 13,709
Income taxes, net	7,496	19,147
Acquisition of business:		
Cash and cash equivalents	$ 196	$ --
Restricted cash	2,685	--
Goodwill and other intangible assets	9,007	--
Other noncash assets	1,259	--
Liabilities	(3,998)	--
Cash paid	$ 9,149	$ --

See accompanying notes to consolidated financial statements.

NL INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Organization and basis of presentation:

NL Industries, Inc. conducts its titanium dioxide pigments ("TiO2") operations through its wholly owned subsidiary, Kronos, Inc. ("Kronos"). At June 30, 2002, Valhi, Inc. ("Valhi") and Tremont Corporation ("Tremont"), each affiliates of Contran Corporation, held approximately 62% and 21%, respectively, of NL's outstanding common stock. At June 30, 2002, Contran and its subsidiaries held approximately 93% of Valhi's outstanding common stock, and Tremont Group, Inc. ("Tremont Group"), which is 80% owned by Valhi and 20% owned by NL, held approximately 80% of Tremont's outstanding common stock. Substantially all of Contran's outstanding voting stock is held by trusts established for the benefit of certain children and grandchildren of Harold C. Simmons, of which Mr. Simmons is sole trustee. Mr. Simmons, the Chairman of the Board of NL, Chairman of the Board and Chief Executive Officer of Contran, the Chairman of the Board of Valhi and a director of Tremont, may be deemed to control each of such companies. See Note 8 and Note 18.

The consolidated balance sheet of NL Industries, Inc. and Subsidiaries (collectively, the "Company") at December 31, 2001 has been condensed from the Company's audited consolidated financial statements at that date. The consolidated balance sheet at June 30, 2002 and the consolidated statements of income, comprehensive income, shareholders' equity and cash flows for the interim periods ended June 30, 2002 and 2001 have been prepared by the Company without audit. In the opinion of management all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the consolidated financial position, results of operations and cash flows have been made. The results of operations for the interim periods are not necessarily indicative of the operating results for a full year or of future operations.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the U.S. ("GAAP") have been condensed or omitted. Certain prior-year and prior-quarter amounts have been reclassified to conform to the current year presentation. The accompanying consolidated financial statements should be read in conjunction with the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2001 (the "2001 Annual Report").

The Company adopted SFAS No. 142, "Goodwill and Other Intangible Assets," effective January 1, 2002. Under SFAS No. 142, goodwill, including goodwill arising from the difference between the cost of an investment accounted for by the equity method and the amount of the underlying equity in net assets of such equity method investee ("equity method goodwill"), will not be amortized on a periodic basis. Instead, goodwill (other than equity method goodwill) will be subject to an impairment test to be performed at least on an annual basis, and impairment reviews may result in future periodic write-downs charged to earnings. Equity method goodwill will not be tested for impairment in accordance with SFAS No. 142; rather, the overall carrying amount of an equity method investee will continue to be reviewed for impairment in accordance with existing GAAP. There is currently no equity method goodwill associated with the Company's equity method investee. All goodwill arising in a purchase business combination

(including step acquisitions) completed on or after July 1, 2001 would not be periodically amortized from the date of such combination. The Company had goodwill of $6.4 million at June 30, 2002. See Note 3.

The Company adopted SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," effective January 1, 2002. SFAS No. 144 retains the fundamental provisions of existing GAAP with respect to the recognition and measurement of long-lived asset impairment contained in SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." However, SFAS No. 144 provides new guidance intended to address certain significant implementation issues associated with SFAS No. 121, including expanded guidance with respect to appropriate cash flows to be used to determine whether recognition of any long-lived asset impairment is required, and if required how to measure the amount of the impairment. SFAS No. 144 also requires that any net assets to be disposed of by sale to be reported at the lower of carrying value or fair value less cost to sell, and expands the reporting of discontinued operations to include any component of an entity with operations and cash flows that can be clearly distinguished from the rest of the entity. The adoption of SFAS No. 144 effective January 1, 2002 did not have a material effect on the Company's consolidated financial position, results of operations or liquidity.

The Company adopted SFAS No. 145, "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13 and Technical Corrections" effective April 1, 2002. SFAS No. 145, among other things, eliminated the prior requirement that all gains and losses from the early extinguishment of debt were to be classified as an extraordinary item. Upon adoption of SFAS No. 145, gains and losses from the early extinguishment of debt are now classified as an extraordinary item only if they meet the "unusual and infrequent" criteria contained in Accounting Principles Board Opinion ("APBO") No. 30. In addition, upon adoption of SFAS No. 145, all gains and losses from the early extinguishment of debt that had previously been classified as an extraordinary item are to be reassessed to determine if they would have met the "unusual and infrequent" criteria of APBO No. 30; any such gain or loss that would not have met the APBO No. 30 criteria are retroactively reclassified and reported as a component of income before extraordinary item. The Company has concluded that all of its previously-recognized gains and losses from the early extinguishment of debt that occurred on or after January 1, 1998 would not have met the APBO No. 30 criteria for classification as an extraordinary item, and accordingly such previously-reported gains and losses from the early extinguishment of debt have been retroactively reclassified and reported as a component of income before extraordinary item. The effect of adoption for the six months ended June 30, 2002 was a reclassification of a first-quarter 2002 loss of $92,000 ($60,000, net of income tax benefit) from extraordinary item to income before extraordinary item under interest expense.

Note 2 - Earnings per share:

Basic earnings per share is based on the weighted average number of common shares outstanding during each period. Diluted earnings per share is based on the weighted average number of common shares outstanding and the dilutive impact of outstanding stock options.

Note 3 - Business combination

In January 2002, the Company acquired all of the stock and limited liability company units of EWI RE, Inc. and EWI RE, Ltd. (collectively "EWI"), respectively, for an aggregate of $9.2 million in cash, including acquisition costs of $.2 million. An entity controlled by one of Harold C. Simmons'

daughters owned a majority of EWI, and a wholly owned subsidiary of Contran owned the remainder of EWI. EWI provides reinsurance brokerage services for insurance policies of the Company, its joint venture and other affiliates of Contran as well as external third-party customers. In addition, EWI is attempting to obtain new third-party customers in the future. The purchase was approved by a special committee of the Company's Board of Directors consisting of two of its directors unrelated to Contran, and the purchase price was negotiated by the special committee based upon its consideration of relevant factors, including but not limited to due diligence performed by independent consultants and an appraisal of EWI conducted by an independent third party selected by the special committee.

EWI's results of operations and cash flows are included in the Company's consolidated results of operations and cash flows beginning January 2002. The pro forma effect on the Company's results of operations in the first six months of 2001, assuming the acquisition of EWI had occurred as of January 1, 2001, is not material. The aggregate cash purchase price of $9.2 million (including acquisition costs of $.2 million) has been allocated to the assets acquired and liabilities assumed, consisting of a definite-lived, customer list intangible asset of $2.6 million and goodwill of $6.4 million, based upon preliminary estimates of fair value. Such identifiable intangible asset and goodwill were included in other noncurrent assets at June 30, 2002. The actual allocation may be different from the preliminary allocation due to refinements in the estimates of fair values of the net assets acquired. The identifiable intangible asset will be amortized on a straight-line basis over a period of 7 years (approximately 6.5 years remaining at June 30, 2002) with no assumed residual value. Goodwill will not be amortized on a periodic basis but instead will subject to periodic impairment tests in accordance with the requirements of SFAS No. 142. See Note 1.

Note 4 - Business segment information:

The Company's operations are conducted by Kronos in one operating business segment - the production and sale of TiO2.

	Three months ended June 30,		Six months ended June 30,	
	2002	2001	2002	2001
	(In thousands)			
Net sales	$ 226,909	$ 220,105	$ 429,266	$ 446,165
Other income (expense) excluding corporate	(1,099)	768	(316)	2,010
	225,810	220,873	428,950	448,175
Cost of sales	176,247	151,320	332,500	301,222
Selling, general and administrative, excluding corporate	24,898	24,383	49,626	49,867
Operating income	24,665	45,170	46,824	97,086
Insurance recoveries, net	--	1,929	--	1,929
Income before corporate items, income taxes and minority interest	24,665	47,099	46,824	99,015
General corporate income (expense):				
Securities earnings, net	1,268	1,186	2,548	3,792
Litigation settlement gains, net and other income	1,466	1,415	4,398	12,998
Currency transaction gains (see Note 14)	6,271	--	6,271	--
Corporate expenses	(7,491)	(4,953)	(17,608)	(11,791)
Interest expense	(8,078)	(6,887)	(14,613)	(13,863)
Income before income taxes and minority interest minority interest	$ 18,101	$ 37,860	$ 27,820	$ 90,151

Note 5 - Accounts and notes receivable:

	June 30, 2002	December 31, 2001
	(In thousands)	
Trade receivables	$ 147,034	$ 99,989
Insurance claims receivable	452	11,505
Recoverable VAT and other receivables	11,503	16,585
Allowance for doubtful accounts	(2,636)	(2,358)
	$ 156,353	$ 125,721

Note 6 - Inventories:

	June 30, 2002	December 31, 2001
	(In thousands)	
Raw materials	$ 34,856	$ 79,162
Work in process	10,431	9,675
Finished products	103,465	117,201
Supplies	29,057	25,018
	$177,809	$231,056

Note 7 - Marketable equity securities:

	June 30, 2002	December 31, 2001
	(In thousands)	
Available-for-sale marketable equity securities (see Note 18):		
Unrealized gains	$ 18,994	$ 14,917
Unrealized losses	(1,620)	(2,070)
Cost	32,380	32,380
Aggregate fair value	$ 49,754	$ 45,227

Available-for-sale marketable equity securities are comprised substantially of affiliate equity securities. At June 30, 2002, the Company indirectly owned 1,036,000 shares of Tremont with an aggregate fair value of approximately $30.9 million. Further, the Company also held 1,186,200 shares of Valhi with an aggregate fair value of approximately $18.5 million at June 30, 2002. See Note 6 in the 2001 Annual Report.

Note 8 - Receivable from affiliates:

A majority-owned subsidiary of the Company, NL Environmental Management Services, Inc. ("EMS"), loaned $13.4 million to Tremont, a related party, under a reducing revolving loan agreement in the first quarter of 2001. See Note 1. The loan was approved by special committees of the Company's and EMS' Boards of Directors. The loan bears interest at prime plus 2% (6.75% at June 30, 2002), is due March 31, 2003 and is collateralized by 10.2 million shares of NL common stock owned by Tremont. The creditworthiness of Tremont is dependent in part on the value of the Company as Tremont's interest in the Company is one of Tremont's more substantial assets. The maximum amount available for borrowing by Tremont reduces by $250,000 per quarter. In each of the first and second quarters of 2002, Tremont repaid $250,000 of the loan. At June 30, 2002, the outstanding loan balance was $12.2 million, and no amounts were available for additional borrowings by Tremont. Tremont has requested an amendment of the terms of the revolving loan agreement and seeks, among other things, an extension of the maturity date and in increase in the amount of borrowings available to Tremont in order for Tremont to meet its projected near term obligations and continue the payment of dividends at the present quarterly rate. The merits of Tremont's proposal will be considered by special committees of the Company's and EMS' Boards of Directors. If the loan is extended, the Company does not expect a material impact on its liquidity. The current loan receivable

balance of $.5 million was included in receivable from affiliates at June 30, 2002. This represents quarterly payments from Tremont through December 31, 2002 as further quarterly repayments may be subject to renegotiation. The remaining loan balance of $11.7 million was classified as noncurrent at June 30, 2002 as the Company does not expect repayment within one year.

In May 2001, a wholly owned subsidiary of EMS loaned $20 million to the Harold C. Simmons Family Trust No. 2 ("Family Trust"), one of the trusts described in Note 1, under a $25 million revolving credit agreement. The loan was approved by special committees of the Company's and EMS' Boards of Directors. The loan bears interest at prime (4.75% at June 30, 2002), is due on demand with sixty days notice and is collateralized by 13,749 shares, or approximately 35%, of Contran's outstanding Class A voting common stock and 5,000 shares, or 100%, of Contran's Series E Cumulative preferred stock, both of which are owned by the Family Trust. The value of this collateral is dependent in part on the value of the Company as Contran's interest in the Company, through its beneficial ownership of Valhi, is one of Contran's more substantial assets. At June 30, 2002, $5 million was available for additional borrowing by the Family Trust. The loan was classified as noncurrent at June 30, 2002, as the Company does not expect to demand repayment within one year.

Note 9 - Other noncurrent assets:

	June 30, 2002	December 31, 2001
	(In thousands)	
Deferred financing costs (see Note 12)	$ 9,343	$ 848
Goodwill (see Note 3)	6,406	--
Intangible asset, net (see Note 3)	2,416	--
Other	3,264	5,669
	$21,429	$ 6,517

Note 10 - Accounts payable and accrued liabilities:

	June 30, 2002	December 31, 2001
	(In thousands)	
Accounts payable	$ 59,133	$ 99,358
Accrued liabilities:		
Employee benefits	27,783	29,722
Interest	221	4,980
Deferred income	2,333	4,000
Other	47,473	38,163
	77,810	76,865
	$136,943	$176,223

Note 11 - Other noncurrent liabilities:

	June 30, 2002	December 31, 2001
	(In thousands)	
Insurance claims and expenses	$ 8,221	$ 8,789
Employee benefits	3,842	3,476
Deferred income	--	333
Other	2,337	2,131
	$14,400	$14,729

Note 12 - Notes payable and long-term debt:

	June 30, 2002	December 31, 2001
	(In thousands)	
Notes payable - Kronos International, Inc. and subsidiaries	$ --	$ 46,201
Long-term debt:		
NL Industries, Inc.:		
11.75% Senior Secured Notes	$ --	$194,000
Kronos International, Inc. and subsidiaries:		
8.875% Senior Secured Notes	283,005	--
Revolving credit facility	39,649	--
Other	2,394	2,498
	325,048	196,498
Less current maturities	1,225	1,033
	$323,823	$195,465

Notes payable at December 31, 2001, consisted of (euro)27 million ($24.0 million) and NOK 200 million ($22.2 million). Notes payable totaling $53.2 million were repaid on June 28, 2002 with proceeds from the revolving credit facility and available cash and the agreements were terminated. See description of revolving credit facility below.

In June 2002 Kronos International, Inc. ("KII"), issued (euro)285 million ($280 million when issued and $283 million at June 30, 2002) principal amount of 8.875% Senior Secured Notes (the "Notes") due 2009. The Notes are collateralized by first priority liens on 65% of the common stock or other equity interests of certain of KII's first-tier subsidiaries. The Notes are issued pursuant to an indenture which contains a number of covenants and restrictions which, among other things, restricts the ability of KII and its subsidiaries to incur debt, incur liens, pay dividends or merge or consolidate with, or sell or transfer all or substantially all of their assets to, another entity. The Notes are redeemable, at KII's option, on or after December 30, 2005 at redemption prices ranging from 104.437% of the principal amount, declining to 100% on or after December 30, 2008. In addition, on or before June 30, 2005, KII may redeem up to 35% of its Notes with the net proceeds of a qualified public equity offering at 108.875% of the principal amount. In the event of a change of control of KII, as defined, KII would be required to make an offer to purchase its Notes at 101% of

the principal amount. KII would also be required to make an offer to purchase a specified portion of its Notes at par value in the event KII generates a certain amount of net proceeds from the sale of assets outside the ordinary course of business, and such net proceeds are not otherwise used for specified purposes within a specified time period. At June 30, 2002, KII was in compliance with all the covenants. The Notes require cash interest payments on June 30 and December 30, commencing on December 30, 2002. KII has agreed to make an offer to exchange the Notes for registered publicly traded notes that have substantially identical terms as the Notes. In the event that KII does not (i) file a registration statement regarding such an exchange offer with the Securities and Exchange Commission, (ii) cause the registration statement to be declared effective, and (iii) complete the exchange offer to exchange the Notes within specified time limits, the interest rate on the Notes would increase by up to .75% per year.

In March 2002 the Company redeemed $25 million principal amount of its 11.75% Senior Secured Notes due October 2003 at par value, using available cash on hand. In addition, the Company used a portion of the net proceeds from the issuance of the Notes to redeem in full the remaining $169 million principal amount of the Company's 11.75% Senior Secured Notes. In accordance with the terms of the indenture governing the 11.75% Senior Secured Notes, on June 28, 2002, the Company irrevocably placed on deposit with the trustee funds in an amount sufficient to pay in full the redemption price plus all accrued and unpaid interest due on the July 28, 2002 redemption date. Immediately thereafter, the Company was released from its obligations under such indenture, the indenture was discharged and all collateral was released to the Company. Because the Company had been released as being the primary obligor under the indenture as of June 30, 2002, the 11.75% Senior Secured Notes were derecognized as of that date along with the funds placed on deposit with the trustee to effect the July 28, 2002 redemption. The Company recognized a loss on the early extinguishment of debt of approximately $2 million in the second quarter of 2002, consisting primarily of the interest on the 11.75% Senior Secured Notes for the period from July 1 to July 28, 2002. Such loss was recognized as a component of interest expense.

In June 2002 KII's operating subsidiaries in Germany, Belgium and Norway, entered into a three-year (euro)80 million secured revolving credit facility ("Credit Facility"). The Credit Facility is available in multiple currencies, including U.S. dollars, euros and Norwegian kroner. As of June 30, 2002, (euro)13 million ($13 million) and NOK 200 million ($26 million) was borrowed at closing, and along with available cash, was used to repay and terminate KII's short term notes payable. At June 30, 2002, (euro)40 million was available for future working capital requirements and general corporate purposes of the borrowers. Borrowings bear interest at the applicable interbank market rate plus 1.75%. As of June 30, 2002, the interest rate was 5.15% and 8.80% on the euro and Norwegian kroner borrowings, respectively, and the weighted average interest rate was 7.61%.

The Credit Facility is collateralized by accounts receivable and inventory of the borrowers, plus a limited pledge of certain other assets of the Belgian borrower. The Credit Facility contains, among others, various restrictive covenants, including restrictions on incurring liens, asset sales, additional financial indebtedness, mergers, investments and acquisitions, transactions with affiliates and dividends. The Company has a (euro)5 million sub-limit for issuing letters of credit with no letters of credit issued at June 30, 2002. The borrowers were in compliance with all the covenants as of June 30, 2002.

Deferred financing costs of $9.3 million for the Notes and the Credit Facility are being amortized over the life of the respective agreements and are included in other noncurrent assets as of June 30, 2002.

Unused lines of credit available for borrowing under the Company's non-U.S. credit facilities approximated $42 million at June 30, 2002 (including $40 million under the Credit Facility).

Note 13 - Income taxes:

The difference between the provision for income tax expense attributable to income before income taxes and minority interest and the amount that would be expected using the U.S. federal statutory income tax rate of 35% is presented below.

	Six months ended June 30,	
	2002	2001
	(In thousands)	
Expected tax expense	$ 9,737	$ 31,553
Non-U.S. tax rates	(708)	(2,722)
Incremental tax on income of companies not included in NL's consolidated U.S. federal income tax return	202	300
Valuation allowance	(3,027)	(1,113)
U.S. state income taxes	61	234
Other, net	753	963
Income tax expense	$ 7,018	$ 29,215

Note 14 - Other income, net:

	Three months ended June 30,		Six months ended June 30,	
	2002	2001	2002	2001
	(In thousands)			
Securities earnings:				
Interest and dividends	$ 1,280	$ 2,319	$ 2,560	$ 4,925
Securities transactions	(12)	(1,133)	(12)	(1,133)
	1,268	1,186	2,548	3,792
Litigation settlement gains, net	435	--	2,355	10,582
Insurance recoveries, net	--	1,929	--	1,929
Currency transactions, net	4,222	214	4,820	1,281
Noncompete agreement income	1,000	1,000	2,000	2,000
Disposition of property and equipment	643	(58)	597	(419)
Trade interest income	333	476	555	1,069
Other, net	5	551	26	495
	$ 7,906	$ 5,298	$ 12,901	$ 20,729

Litigation settlement gains, net

In the first half of 2002 and 2001, the Company recognized litigation settlement gains with former insurance carrier groups of $2.4 million and $10.6 million, respectively, to settle certain insurance coverage claims related to

environmental remediation. A majority of the proceeds from the 2001 settlement was transferred to special-purpose trusts established by the insurance carrier group to pay future remediation and other environmental expenditures of the Company.

Currency transactions, net

Included in currency transactions, net, as a result of the debt refinancing described in Note 12, the Company recognized a foreign currency transaction gain of $6.3 million in the second quarter of 2002 related to the extinguishment of certain intercompany indebtedness with KII.

Note 15 - Leverkusen fire and insurance claim:

A fire on March 20, 2001 damaged a section of the Company's Leverkusen, Germany 35,000 metric ton sulfate-process TiO_2 plant ("Sulfate Plant") and, as a result, production of TiO_2 at the Leverkusen facility was halted. The fire did not enter the Company's adjacent 125,000 metric ton chloride-process TiO_2 plant ("Chloride Plant"), but did damage certain support equipment necessary to operate that plant. The damage to the support equipment resulted in a temporary shutdown of the Chloride Plant. The Chloride Plant became fully operational in April 2001 and the Sulfate Plant became approximately 50% operational in September 2001 and fully operational in late October 2001.

During the second quarter of 2001, the Company's insurance carriers approved a partial payment of $10.5 million ($9 million received as of June 30, 2001) for property damage costs and business interruption losses caused by the Leverkusen fire. Five million dollars of this payment represented partial compensation for business interruption losses which was recorded as a reduction of cost of sales to offset unallocated period costs that resulted from lost production. The remaining $5.5 million represented property damage recoveries against clean-up costs, resulting in a net gain of $1.9 million. The Company settled its insurance claim involving the Leverkusen fire for $56.4 million during the fourth quarter of 2001 of which $27.3 million related to business interruption (which included the $5 million partial payment described above) and $29.1 million related to property damages, clean-up costs and other extra expenses. In the fourth quarter of 2001, $19.3 million of the $27.3 million of business interruption proceeds was recognized as a component of operating income, of which $16.6 million was attributable to recovery of unallocated period costs and lost margin related to the first, second and third quarters of 2001. No additional insurance recoveries related to the Leverkusen fire are expected to be received in 2002.

Note 16 - Commitments and contingencies:

For descriptions of certain legal proceedings, income tax and other commitments and contingencies related to the Company, reference is made to (i) Management's Discussion and Analysis of Financial Condition and Results of Operations, (ii) Part II, Item 1 - "Legal Proceedings," and (iii) the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2002, and (iv) the 2001 Annual Report.

Note 17 - Accounting principles not yet adopted:

The Company will adopt SFAS No. 143, Accounting for Asset Retirement Obligations, no later than January 1, 2003. Under SFAS No. 143, the fair value of a liability for an asset retirement obligation covered under the scope of SFAS No. 143 would be recognized in the period in which the liability is incurred, with an offsetting increase in the carrying amount of the related long-lived asset. Over time, the liability would be accreted to its present value, and the capitalized cost would be depreciated over the useful life of the related asset. Upon settlement of the liability, an entity would either settle the obligation for its recorded amount or incur a gain or loss upon settlement. The Company is studying this newly-issued standard to determine, among other things, whether it has any asset retirement obligations which are covered under the scope of SFAS No. 143, and the effect, if any, to the Company of adopting this standard has not yet been determined.

The Company will adopt SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities, no later than January 1, 2003 for exit or disposal activities initiated on or after the date of adoption. Under SFAS No. 146, costs associated with exit activities, as defined, that are covered by the scope of SFAS No. 146 will be recognized and measured initially at fair value, generally in the period in which the liability is incurred. Costs covered by the scope of SFAS No. 146 include termination benefits provided to employees, costs to consolidate facilities or relocate employees, and costs to terminate contracts (other than a capital lease). Under existing GAAP, a liability for such an exit cost is recognized at the date an exit plan is adopted, which may or may not be the date at which the liability has been incurred.

Note 18 - Subsequent events:

In July 2002 Valhi proposed a merger of Tremont and Valhi pursuant to which stockholders of Tremont, other than Valhi (but including the Company to the extent of the Company's ownership interest in the Tremont shares held by Tremont Group), would receive between 2 and 2.5 shares of Valhi common stock for each Tremont share held. Tremont has formed a special committee of its board of directors consisting of members unrelated to Valhi to review the proposal. There can be no assurance that any such merger will be completed or completed under the proposed terms.

RESULTS OF OPERATIONS

	Three months ended June 30,		% Change	Six months ended June 30,		% Change
	2002	2001		2002	2001	
	(In millions, except percentages and metric tons)					
Net sales and operating income						
Net sales	$226.9	$220.1	+3%	$429.3	$ 446.2	-4%
Operating income	$ 24.7	$ 45.2	-45%	$ 46.8	$ 97.1	-52%
Operating income margin percentage	11%	21%		11%	22%	
TiO2 operating statistics						
Percent change in average selling price (in billing currencies)			-14%			-15%
Sales volume(metric tons in thousands)	123	105	+17%	235	208	+13%
Production volume (metric tons in thousands)	113	99	+14%	219	207	+6%

Kronos' operating income in the second quarter of 2002 decreased $20.5 million or 45% from the second quarter of 2001 due to lower average selling prices, partially offset by higher sales and production volumes. Kronos' operating income in the second quarter of 2001 included $5.0 million of business interruption insurance proceeds related to the fire at the Company's Leverkusen, Germany plant in 2001 described below. Compared to the first quarter of 2002, operating income in the second quarter of 2002 increased 11% on higher sales and production volumes.

Operating income in the first half of 2002 was $46.8 million compared with $97.1 million in the first half of 2001 due to 15% lower average selling prices, partially offset by 13% higher sales volume and 6% higher production volume.

Kronos' average selling price in billing currencies (which excludes the effects of foreign currency translation) during the second quarter of 2002 was 14% lower than the second quarter of 2001 and was flat compared with the first quarter of 2002. Compared with the first quarter of 2002, selling prices in billing currencies increased in the European and export markets and decreased in the North American market. The average selling price in billing currencies in June 2002 was flat compared with the average selling price for the second quarter. June 2002 selling prices were 1% higher than March 2002 selling prices and the Company expects third-quarter prices to be higher than second quarter prices as previously announced price increases continue to be implemented. The Company expects a lower average selling price for full-year 2002 compared to full-year 2001.

Kronos' second quarter 2002 average selling price expressed in U.S. dollars (computed using actual foreign currency exchange rates prevailing during the respective periods) was 13% lower than the second quarter of 2001 and 2% higher than the first quarter of 2002. June's average selling price expressed in

U.S. dollars was 2% higher than the average selling price for the second quarter reflecting the strengthening of the euro against the U.S. dollar that occurred primarily during June. Average selling prices expressed in U.S. dollars decreased 15% in the first half of 2002 compared with the first half of 2001.

Second-quarter 2002 sales volume of 123,000 metric tons represented the highest quarter in Kronos' history. Second-quarter 2002 sales volume increased 17% from the second quarter of 2001 and increased 9% from the first quarter of 2002 reflecting sustained demand in all major regions. European, North American and export volumes each increased over 14% from the second quarter of 2001. Compared with the first quarter of 2002, sales volume increased 12% and 19% in the North American and export markets, respectively, while European sales volume increased moderately. Sales volume in the first half of 2002 was 27,000 metric tons higher, or 13%, than the first half of 2001. Kronos believes that the sales volume increase in the second quarter of 2002 was attributable to improving economic conditions, some seasonality and customer restocking inventory levels ahead of previously announced price increases. Kronos expects sales volume in the second half of 2002 to be lower than the first half of 2002. Kronos' sales volume for full-year 2002 should be higher than full-year 2001, due in part to the Leverkusen fire.

Second-quarter 2002 production volume was 14% higher than the second quarter of 2001 and increased 7% from the first quarter of 2002 with operating rates at near full capacity in the second quarter of 2002. The increase from the prior year period was due in part to lost sulfate-process production in 2001 as a result of the Leverkusen fire. Production volume in the first half of 2002 increased 6% compared with the first half of 2001. Finished goods inventory levels at the end of the second quarter decreased 12% from March 2002 levels and represented approximately two months of sales. Kronos anticipates its production volume for full-year 2002 will be higher than that of full-year 2001, due in part to the Leverkusen fire.

A fire on March 20, 2001 damaged a section of the Company's Leverkusen, Germany 35,000 metric ton sulfate-process TiO_2 plant ("Sulfate Plant") and, as a result, production of TiO_2 at the Leverkusen facility was halted. The fire did not enter the Company's adjacent 125,000 metric ton chloride-process TiO_2 plant ("Chloride Plant"), but did damage certain support equipment necessary to operate that plant. The damage to the support equipment resulted in a temporary shutdown of the Chloride Plant. The Chloride Plant became fully operational in April 2001 and the Sulfate Plant became approximately 50% operational in September 2001 and fully operational in late October 2001.

During the second quarter of 2001, the Company's insurance carriers approved a partial payment of $10.5 million ($9 million received as of June 30, 2001) for property damage costs and business interruption losses caused by the Leverkusen fire. Five million dollars of this payment represented partial compensation for business interruption losses which was recorded as a reduction of cost of sales to offset unallocated period costs that resulted from lost production. The remaining $5.5 million represented property damage recoveries against clean-up costs, resulting in a net gain of $1.9 million. The Company settled its insurance claim involving the Leverkusen fire for $56.4 million during the fourth quarter of 2001 of which $27.3 million related to business interruption (which included the $5 million partial payment described above) and $29.1 million related to property damages, clean-up costs and other extra expenses. $19.3 million of the $27.3 million of business interruption proceeds was recognized as a component of operating income in the fourth quarter of 2001 of which $16.6 million was attributable to recovery of unallocated period costs

and lost margin related to the first, second and third quarters of 2001. No additional insurance recoveries related to the Leverkusen fire are expected to be received in 2002.

The Company believes TiO2 industry demand in the second half of 2002 should be better than TiO2 industry demand in the second half of 2001 due to worldwide economic conditions. Kronos' TiO2 production volume in 2002 is expected to approximate Kronos' 2002 TiO2 sales volume. In January 2002, Kronos announced price increases in all major markets of approximately 5% to 8% above existing December 2001 prices, a portion of which was realized in the second quarter with additional increases expected to be realized in the third quarter of 2002. In May 2002, Kronos announced a second round of price increases in all major markets of approximately 7% to 11% above June 2002 prices. Kronos is hopeful that it will realize a portion of the announced May 2002 price increases during the fourth quarter of 2002, but the extent to which Kronos can realize any price increases during 2002 will depend on improving market conditions. Second half 2002 prices are expected to be higher than the first half of 2002. However, because TiO2 prices were declining in 2001 and the first quarter of 2002, the Company believes that its average 2002 prices will be significantly below its average 2001 prices. Overall, the Company expects its TiO2 operating income in 2002 will be significantly lower than 2001, primarily due to lower average TiO2 selling prices. The Company's expectations as to the future prospects of the Company and the TiO2 industry are based upon a number of factors beyond the Company's control, including worldwide growth of gross domestic product, competition in the marketplace, unexpected or earlier-than-expected capacity additions and technological advances. If actual developments differ from the Company's expectations, the Company's results of operations could be unfavorably affected.

Compared to the year-earlier periods, cost of sales as a percentage of net sales increased in both the second quarter and first half of 2002 primarily due to lower average selling prices in billing currencies, partially offset by higher production volume. Excluding the effects of foreign currency translation, which increased the Company's expenses in the second quarter of 2002 compared to the second quarter of 2001 and decreased expenses in the first half of 2002 compared to the first half of 2001, the Company's selling, general and administrative expenses, excluding corporate expenses, in the second quarter of 2002 and first half were comparable to the year-earlier periods.

A significant amount of Kronos' sales and operating costs are denominated in currencies other than the U.S. dollar. Fluctuations in the value of the U.S. dollar relative to other currencies, primarily a slightly stronger euro, on average, compared to the U.S. dollar in the second quarter of 2002 versus the year-earlier period, slightly increased the dollar value of sales in the second quarter of 2002 when compared to the year-earlier period. On a first half of 2002 compared to a first half of 2001 basis, fluctuations in the value of the U.S. dollar relative to other currencies slightly decreased net sales. Sales to export markets are typically denominated in U.S. dollars and a weaker U.S. dollar decreases margins on these sales at the Company's non-U.S. subsidiaries. The effect of the stronger euro on Kronos' operating costs that are not denominated in U.S. dollars increased operating costs in the second quarter of 2002 compared to the year-earlier period. In addition, Kronos revalued certain export trade receivables and certain monetary assets held by its subsidiaries whose functional currency is not the U.S. dollar and based on the weaker U.S. dollar reported a revaluation loss in the second quarter of 2002. As a result, the net impact of currency exchange rate fluctuations decreased operating income by $3.6 million and $2.5 million, respectively, in the second quarter of 2002 and first half of 2002 when compared to the year-earlier periods.

General corporate

The following table sets forth certain information regarding general corporate income (expense).

	Three months ended June 30,		Difference	Six months ended June 30,		Difference
	2002	2001		2002	2001	
	(In millions)					
Securities earnings ..	$ 1.3	$ 1.2	$ .1	$ 2.6	$ 3.8	$ (1.2)
Litigation settlement gains, net and other income	1.4	1.4	--	4.4	13.0	(8.6)
Currency transaction gains	6.3	--	6.3	6.3	--	6.3
Corporate expense	(7.5)	(4.9)	(2.6)	(17.7)	(11.7)	(6.0)
Interest expense	(8.1)	(6.9)	(1.2)	(14.6)	(13.9)	(.7)
	$ (6.6)	$ (9.2)	$ 2.6	$ (19.0)	$ (8.8)	$ (10.2)

Securities earnings in the second quarter of 2002 were comparable to the second quarter of 2001, while securities earnings for the first half of 2002 were $1.2 million lower compared with the first half of 2001, primarily due to lower interest rates and lower outstanding cash balances in the first half of 2002. The Company expects security earnings to be lower in 2002 compared to 2001 due primarily to lower average yields.

In the first half of 2002 and 2001, the Company recognized litigation settlement gains with former insurance carrier groups of $2.4 million and $10.6 million, respectively, to settle certain insurance coverage claims related to environmental remediation. A majority of the proceeds from the 2001 settlement was transferred to special-purpose trusts established by the insurance carrier group to pay future remediation and other environmental expenditures of the Company.

In June 2002 Kronos International, Inc. ("KII") completed a private placement offering of (euro)285 million 8.875% Senior Secured Notes (the "Notes") due 2009. KII used the net proceeds of the Notes offering to repay certain intercompany indebtedness owed to the Company, a portion of which the Company used to redeem at par all of its outstanding 11.75% Senior Secured Notes due 2003, plus accrued interest. As a result of the refinancing, the Company recognized a foreign currency transaction gain of $6.3 million in the second quarter of 2002 related to the extinguishment of certain intercompany indebtedness. See Note 12 to the Consolidated Financial Statements.

Corporate expense in the second quarter and first half of 2002 increased $2.6 million and $6.0 million, respectively, from comparable 2001 periods, primarily due to higher environmental expenses and higher legal expenses. Compared to the first quarter of this year, corporate expense in the second quarter of 2002 decreased 26% primarily due to lower environmental expense. The Company expects corporate expense in 2002 to be higher than the full year 2001.

Interest expense in the second quarter of 2002 included $2.0 million related to the early extinguishment of the Company's 11.75% Senior Secured Notes, as the amount paid to extinguish the debt in June 2002 included interest for the month of July 2002. Excluding this unusual item, interest expense in the second quarter of 2002 was $6.1 million, down 12% compared with second quarter

2001 primarily due to reduced levels of outstanding debt. See Note 12 to the Consolidated Financial Statements.

Provision for income taxes

The Company reduced its deferred income tax valuation allowance by $3.0 million in the first half of 2002 and $1.1 million in the first half of 2001 primarily as a result of utilization of certain tax attributes for which the benefit had not been previously recognized under the "more-likely-than-not" recognition criteria.

Accounting principles not yet adopted

See Note 17 to the Consolidated Financial Statements.

Other

Minority interest primarily relates to the Company's majority-owned environmental management subsidiary, NL Environmental Management Services, Inc. ("EMS").

LIQUIDITY AND CAPITAL RESOURCES

The Company's consolidated cash flows from operating, investing and financing activities for the six months ended June 30, 2002 and 2001 are presented below.

	Six months ended June 30,	
	2002	2001
	(In millions)	
Net cash provided (used) by:		
Operating activities:		
Before changes in assets and liabilities	$ 37.3	$ 71.8
Changes in assets and liabilities	(.8)	(26.5)
	36.5	45.3
Investing activities	(19.3)	(45.6)
Financing activities	39.7	(27.7)
Net cash provided (used) by operating, investing, and financing activities	$ 56.9	$ (28.0)

Operating activities

The TiO2 industry is cyclical and changes in economic conditions significantly affect the earnings and operating cash flows of the Company. Cash flow from operations is considered the primary source of liquidity for the Company. Changes in TiO2 pricing, production volume and customer demand, among other things, could significantly affect the liquidity of the Company. Cash flow from operations, before changes in assets and liabilities, in the first half of 2002 decreased from the comparable period in 2001 primarily due to $50.3 million of lower operating income partially offset by a $6.3 million foreign currency transaction gain in the first half of 2002 related to the extinguishment of certain intercompany indebtedness with KII. The net cash used to fund changes in the Company's inventories, receivables and payables (excluding the effect of

currency translation) in the first half of 2002 was significantly less than the first half of 2001 with $30 million lower inventory balances (net of raw material accruals) and the collection of $11.1 million of insurance proceeds, offset by decreases in accounts payable and accrued liabilities in the first half of 2002. Inventories and accounts payable were affected by certain non-cash accruals for certain titanium ore contracts of $31.6 million and $15.3 million at December 31, 2001 and 2000, respectively. These non-cash accruals were reversed as raw materials were received under the contracts in the first half of 2002 and 2001, respectively.

Investing activities

Capital expenditures of $12.1 million in the first half of 2002 included approximately $2.2 million related to ongoing reconstruction of the Leverkusen, Germany sulfate plant. The Company expects to complete all reconstruction by December 31, 2002. In the second quarter of 2001, the Company received $5.5 million of insurance proceeds for property damage resulting from the Leverkusen fire and paid $1 million of expenses related to repairs and clean-up costs.

In January 2002, the Company acquired all of the stock and limited liability company units of EWI RE, Inc. and EWI RE, Ltd. (collectively "EWI"), respectively, for an aggregate of $9.2 million in cash, including capitalized acquisition costs of $.2 million. See Note 3 to the Consolidated Financial Statements.

In the first quarter of 2001, a majority-owned subsidiary of the Company, EMS, loaned $13.4 million to Tremont Corporation under a reducing revolving loan agreement. See Notes 1 and 8 to the Consolidated Financial Statements.

In May 2001, a wholly owned subsidiary of EMS loaned $20 million to the Harold C. Simmons Family Trust #2 ("Family Trust"), one of the trusts described in Note 1 to the Consolidated Financial Statements, under a new $25 million revolving credit agreement. See Note 8 to the Consolidated Financial Statements.

Financing activities

In March 2002, the Company redeemed $25 million principal amount of its 11.75% Senior Secured Notes using available cash on hand, and in June 2002 the Company redeemed the remaining $169 million principal amount of such 11.75% Senior Secured Notes using a portion of the proceeds from the June 2002 issuance of the (euro)285 million principal amount of the KII 8.875% Senior Secured Notes ($280 million when issued). Also in June 2002, KII's operating subsidiaries in Germany, Belgium and Norway entered into a new three-year (euro)80 million secured revolving credit facility and borrowed (euro)13 million ($13 million) and NOK 200 million ($26 million) which, along with available cash, was used to repay and terminate KII's short term notes payable ($53.2 million when repaid). See Note 12 to the Consolidated Financial Statements.

Deferred financing costs of $9.3 million for the Notes and the Credit Facility are being amortized over the life of the respective agreements and are included in other noncurrent assets as of June 30, 2002.

In the second quarter of 2002, the Company paid a regular quarterly dividend to shareholders of $.20 per share, aggregating $9.8 million. Dividends paid during the first half of 2002 totaled $.40 per share, or $19.5 million. On July 30, 2002, the Company's Board of Directors declared a regular quarterly dividend of $.20 per share to shareholders of record as of September 10, 2002 to be paid on September 24, 2002.

Pursuant to its share repurchase program, the Company purchased approximately 228,000 shares of its common stock in the open market at an aggregate cost of $3.3 million in the first half of 2002 (none in second quarter of 2002). Approximately 979,000 additional shares are available for purchase under the Company's repurchase program through June 30, 2002. Through August 12, 2002, the Company purchased 214,000 shares of its common stock in the open market at an aggregate cost of $3.2 million. The available shares may be purchased over an unspecified period of time and are to be held as treasury shares available for general corporate purposes.

Cash, cash equivalents, restricted cash and restricted marketable debt securities and borrowing availability

At June 30, 2002, the Company had cash and cash equivalents aggregating $176 million ($22 million held by non-U.S. subsidiaries) and an additional $75 million of restricted cash equivalents and restricted marketable debt securities held by the Company, of which $14 million was classified as a noncurrent asset. Certain of the Company's subsidiaries had $42 million available for borrowing at June 30, 2002 under non-U.S. credit facilities (including $40 million under the Credit Facility).

Income tax contingencies

Certain of the Company's tax returns in various U.S. and non-U.S. jurisdictions are being examined and tax authorities have proposed or may propose tax deficiencies, including penalties and interest.

The Company's 1998 U.S. federal income tax return is currently being examined by the U.S. Internal Revenue Service ("IRS"), and the Company has granted an extension of the statute of limitations for assessment of such return until September 30, 2003. While EMS' 1998 U.S. federal income tax return is not currently being examined by the IRS, EMS, at the request of the IRS, has also granted an extension of the statute of limitations for assessment of such return until September 30, 2003. Based upon the course of the examination to date, the Company anticipates that the IRS may propose a substantial tax deficiency.

The Company has received preliminary tax assessments for the years 1991 to 1997 from the Belgian tax authorities proposing tax deficiencies, including related interest, of approximately (euro)10.4 million ($10.3 million at June 30, 2002). The Company has filed protests to the assessments for the years 1991 to 1997. The Company is in discussions with the Belgian tax authorities and believes that a significant portion of the assessments is without merit.

No assurance can be given that the Company's tax matters will be favorably resolved due to the inherent uncertainties involved in court and tax proceedings. The Company believes that it has provided adequate accruals for additional taxes and related interest expense which may ultimately result from

all such examinations and believes that the ultimate disposition of such examinations should not have a material adverse effect on the Company's consolidated financial position, results of operations or liquidity.

At June 30, 2002, the Company had net deferred tax liabilities of $144 million. The Company operates in numerous tax jurisdictions, in certain of which it has temporary differences that net to deferred tax assets (before valuation allowance). The Company has provided a deferred tax valuation allowance of $175 million at June 30, 2002, principally related to Germany, partially offsetting deferred tax assets which the Company believes do not currently meet the "more-likely-than-not" recognition criteria.

Environmental matters and litigation

The Company has been named as a defendant, potentially responsible party ("PRP"), or both, in a number of legal proceedings associated with environmental matters, including waste disposal sites, mining locations and facilities currently or previously owned, operated or used by the Company, certain of which are on the U.S. Environmental Protection Agency's (the "U.S. EPA") Superfund National Priorities List or similar state lists. On a quarterly basis, the Company evaluates the potential range of its liability at sites where it has been named as a PRP or defendant, including sites for which EMS has contractually assumed the Company's obligation. The Company believes it has adequate accruals ($102 million at June 30, 2002) for reasonably estimable costs of such matters, but the Company's ultimate liability may be affected by a number of factors, including changes in remedial alternatives and costs, and the allocations of such costs among PRPs. It is not possible to estimate the range of costs for certain sites. The upper end of the range of reasonably possible costs to the Company for sites for which it is possible to estimate costs is approximately $150 million. The Company's estimates of such liabilities have not been discounted to present value. No assurance can be given that actual costs will not exceed either accrued amounts or the upper end of the range for sites for which estimates have been made, and no assurance can be given that costs will not be incurred with respect to sites as to which no estimate presently can be made. The imposition of more stringent standards or requirements under environmental laws or regulations, new developments or changes with respect to site cleanup costs, or the allocation of such costs among PRPs, or a determination that the Company is potentially responsible for the release of hazardous substances at other sites, could result in expenditures in excess of amounts currently estimated by the Company to be required for such matters. Furthermore, in view of the Company's historical operations, the Company expects that additional environmental matters will arise in the future.

Lead pigment litigation

The Company is also a defendant in a number of legal proceedings seeking damages for personal injury and property damage arising out of the sale of lead pigments and lead-based paints. There is no assurance that the Company will not incur future liability in respect of this pending litigation in view of the inherent uncertainties involved in court and jury rulings in pending and possible future cases. However, based on, among other things, the results of such litigation to date, the Company believes that the pending lead pigment and paint litigation is without merit. The Company has not accrued any amounts for such pending litigation. Liability that may result, if any, cannot reasonably be estimated. In addition, various legislation and administrative regulations have, from time to time, been enacted or proposed that seek to (a) impose various obligations on present and former manufacturers of lead pigment and lead-based paint with respect to asserted health concerns associated with the use of such products and (b) effectively overturn the precedent set by court decisions in which the Company and other pigment manufacturers have been successful. Examples of such proposed legislation include bills which would permit civil liability

for damages on the basis of market share, rather than requiring plaintiffs to prove that the defendant's product caused the alleged damage, and bills which would revive actions barred by the statute of limitations. The Company currently believes the disposition of all claims and disputes, individually and in the aggregate, should not have a material adverse effect on the Company's consolidated financial position, results of operations or liquidity. The Company expects that additional lead pigment and lead-based paint litigation may be filed against the Company in the future asserting similar or different legal theories and seeking similar or different types of damages and relief. See Item 1 - "Legal Proceedings."

Other

The Company periodically evaluates its liquidity requirements, alternative uses of capital, capital needs and availability of resources in view of, among other things, its debt service and capital expenditure requirements and estimated future operating cash flows. As a result of this process, the Company in the past has sought, and in the future may seek, to reduce, refinance, repurchase or restructure indebtedness; raise additional capital; repurchase shares of its common stock; modify its dividend policy; restructure ownership interests; sell interests in subsidiaries or other assets; or take a combination of such steps or other steps to manage its liquidity and capital resources. In the normal course of its business, the Company may review opportunities for the acquisition, divestiture, joint venture or other business combinations in the chemicals or other industries, as well as the acquisition of interests in, and loans to, related companies. In the event of any acquisition or joint venture transaction, the Company may consider using available cash, issuing equity securities or increasing its indebtedness to the extent permitted by the agreements governing the Company's existing debt.

Special note regarding forward-looking statements

The statements contained in this Report on Form 10-Q ("Quarterly Report") which are not historical facts, including, but not limited to, statements found under the captions "Results of Operations" and "Liquidity and Capital Resources" above, are forward-looking statements that represent management's beliefs and assumptions based on currently available information. Forward-looking statements can be identified by the use of words such as "believes," "intends," "may," "will," "should," "could," "anticipates," "expects," or comparable terminology or by discussions of strategy or trends. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it cannot give any assurances that these expectations will prove to be correct. Such statements by their nature involve risks and uncertainties, including, but not limited to, the cyclicality of the titanium dioxide industry, global economic and political conditions, global productive capacity, customer inventory levels, changes in product pricing, changes in product costing, changes in foreign currency exchange rates, competitive technology positions, operating interruptions (including, but not limited to, labor disputes, leaks, fires, explosions, unscheduled downtime, transportation interruptions, war and terrorist activities), the ultimate resolution of pending or possible future lead pigment litigation and legislative developments related to the lead paint litigation, the outcome of other litigation, and other risks and uncertainties included in this Quarterly Report and in the 2001 Annual Report, and the uncertainties set forth from time to time in the Company's filings with the Securities and Exchange Commission. Should one or more of these risks materialize (or the consequences of such a development worsen), or should the underlying assumptions prove incorrect, actual results could differ materially from those forecasted or expected. The Company disclaims any intention or obligation to update publicly or revise such statements whether as a result of new information, future events or otherwise.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Reference is made to the 2001 Annual Report and the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2002 for descriptions of certain previously reported legal proceedings.

In re: Lead Paint Litigation (Superior Court of New Jersey, Middlesex County, Case Code 702). Two additional municipalities have filed suit in this previously reported case. The Company has moved to dismiss all claims of all 25 municipalities.

Brownsville Independent School District v. Lead Industries Association, et al. (District Court of Cameron County, Texas, No. 2002-052081 B). In May 2002, the Company was served with a complaint seeking compensatory and punitive damages jointly and severally from the former lead pigment manufacturers and LIA for property damage. The Company has denied all allegations of liability.

Spring Branch Independent School District v. Lead Industries Association, et al. (District Court of Harris County, Texas, No. 2000-31175). In June 2002, the trial court granted the Company's motion for summary judgment. The time for appeal has not yet expired.

City of Milwaukee v. NL Industries, Inc., and Mautz Paint (Circuit Court, Civil Division, Milwaukee County, Wisconsin, Case No. 01CV003066). A trial date of Oct. 27, 2003, has been set.

Smith, et al. v. Lead Industries Association, et al. (Circuit Court for Baltimore City, Maryland, Case No. 24-C-99-004490). A trial date of July 7, 2003, for the first of the four plaintiff families has been set.

Quitman County School District v. Lead Industries Association, et al., (Circuit Court of Quitman County, Mississippi, Case No. 2001-0106). Defendants removed this case to federal court. In July 2002 the United States District Court for the Northern District of Mississippi denied plaintiff's motion to remand the case to state court, and the case will remain pending in that federal court as case number 2:02CV004-P-B.

El Paso Independent School District v. Lead Industries Association, et al., (District Court of El Paso County, Texas (No. 2002-2675)). In August 2002 the Company was served with a complaint seeking compensatory and exemplary damages from the Company and twelve other former lead pigment and/or paint manufacturers for alleged property damages due to the presence of lead paint in the school district's buildings. The complaint alleges product liability, strict liability, negligence, fraudulent misrepresentation, breach of warranties, statutory deceptive trade practices, conspiracy, fraud, concert of action, exemplary damages, and indemnity causes of action. The time for the Company to answer the complaint has not yet expired.

The parties in the previously-reported Brownsville Independent School District, Liberty Independent School District, Houston Independent School District, and Harris County, Texas cases have reached an agreement in principle to abate, or stay, those cases pending appellate review of the trial court's dismissal of the Spring Branch Independent School District case or certain other events. The agreement is subject to completion and to approval by the various courts involved.

The Company expects that additional lead pigment and lead-based paint litigation may be filed against the Company in the future asserting similar or different legal theories and seeking similar or different types of damages and relief.

Pulliam v. NL (Superior Court, Marion County, Indiana, No. 49F12-0104-CT-001301). In May 2002, the court granted the Company's motion to strike the plaintiffs' allegations that the case should be certified as a class action.

Dew, et al. v. Bill Richardson, et al. (U.S. District Court for the Western District of Kentucky, No. 5:00CV-221-M). The Company and NLO answered the complaint in this previously-reported case in May 2002, denying all allegations of wrongdoing and liability. Pre-trial proceedings and discovery continue.

United States of America v. NL Industries, Inc. et al., (U.S. District Court for the Southern District of Illinois, No. 91-CV00578). In July 2002, the Company executed a consent decree with the United States in this previously reported matter and is awaiting the execution of the consent decree by the United States. The decree embodies the previously reported agreement in principle with the United States, pursuant to which the Company will pay approximately $31.5 million, including $1 million in penalties, to settle its liabilities at this site.

The Company has received a request from the U.S. EPA with respect to the on-site portion of the previously reported clean-up at the Company's formerly owned facility in Chicago, Illinois, requesting that the Company perform additional work. The Company intends to discuss the request with the U.S. EPA.

Since the filing of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2002, the Company has been named as a defendant in asbestos and/or silica cases in various jurisdictions brought on behalf of approximately 3,700 additional personal injury claimants. Included in the foregoing total is one case in Mississippi state court involving approximately 3,005 plaintiffs (Lawrence Graves, et al. vs. Monstanto Company, et al., Circuit Court, Second Judicial District, Jones County, Mississippi, Civil Action No. 2002-141-CV4). The Company anticipates that various of these cases will be set for trial from time-to-time for the foreseeable future.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

4.1 Indenture governing the 8.875% Senior Secured Notes due 2009, dated June 28, 2002, between Kronos International, Inc. and The Bank of New York, as Trustee.

4.2 Form of certificate of 8.875% Senior Secured Notes due 2009 of Kronos International, Inc. (included as Exhibit A to Exhibit 4.1).

4.3 Form of certificate of 8.875% Senior Secured Notes due 2009 of Kronos International, Inc. (included as Exhibit B to Exhibit 4.1).

4.4 Purchase Agreement, dated June 19, 2002, among Kronos International, Inc., Deutsche Bank AG London, Dresdner Bank AG London Branch and Commerzbank Aktiengesellschaft, London Branch.

4.5 Registration Rights Agreement, dated June 28, 2002, among Kronos International, Inc., Deutsche Bank AG London, Dresdner Bank AG London and Commerzbank Adtiengesellschaft, London Branch.

4.6 Collateral Agency Agreement, dated June 28, 2002, among The Bank of New York, U.S. Bank, N.A. and Kronos International, Inc.

4.7 Security Over Shares Agreement, dated June 28, 2002, between Kronos International, Inc. and The Bank of New York.

4.8 Pledge of Shares (shares in Kronos Denmark ApS), dated June 28, 2002, between Kronos International, Inc. and U.S. Bank, N.A.

4.9 Pledge Agreement (shares in Societe Industrielle du Titane S.A.), dated June 28, 2002, between Kronos International, Inc. and U.S. Bank, N.A.

4.10 Partnership Interest Pledge Agreement (relating to fixed capital contribution in Kronos Titan GmbH & Co.), dated June 28, 2002, between Kronos International, Inc. and U.S. Bank, N.A.

4.11 Deposit Agreement, dated June 28, 2002, among NL Industries, Inc. and JP Morgan Chase Bank, as trustee.

4.12 Satisfaction and Discharge of Indenture, Release, Assignment and Transfer, dated June 28, 2002, made by JP Morgan Chase Bank pursuant to the Indenture for NL Industries, Inc.'s 11 3/4% Senior Secured Notes due 2003.

10.1 (euro)80,000,000 Facility Agreement, dated June 25, 2002, among Kronos Titan GmbH & Co. OHG, Kronos Europe S.A./N.V., Kronos Titan A/S and Titania A/S, as borrowers, Kronos Titan GmbH & Co. OHG, Kronos Europe S.A./N.V. and Kronos Norge AS, as guarantors, Kronos Denmark ApS, as security provider, Deutsche Bank AG, as mandated lead arranger, Deutsche Bank Luxembourg S.A., as agent and security agent, and KBC Bank NV, as fronting bank, and the financial institutions listed in Schedule 1 thereto, as lenders.

99.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

99.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K

Reports on Form 8-K for the quarter ended June 30, 2002 through the date of this report:

June 28, 2002 - reported items 5 and 7.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NL INDUSTRIES, INC.

(Registrant)

Date: August 13, 2002

By /s/ Robert D. Hardy

Robert D. Hardy
Principal Financial and Accounting Officer

Exhibit 4.1

INDENTURE

Dated as of June 28, 2002

between

KRONOS INTERNATIONAL, INC.,

as Issuer,

and

THE BANK OF NEW YORK,

as Trustee,

8 7/8 % Senior Secured Notes due 2009

CROSS-REFERENCE TABLE*

Trust Indenture Act Section		Indenture Section
310	(a)(1)	7.10
	(a)(2)	7.10
	(a)(3)	N.A.
	(a)(4)	N.A.
	(a)(5)	7.10
	(b)	7.3, 7.8, 7.10
	(c)	N.A.
311	(a)	7.11
	(b)	7.11
	(c)	N.A.
312	(a)	2.5
	(b)	13.2, 13.3
	(c)	13.2, 13.3
313	(a)	7.6
	(b)(1)	7.6
	(b)(2)	7.6, 7.7
	(c)	7.6, 13.2
	(d)	7.6
314	(a)	4.3, 4.4, 13.5
	(b)	11.2
	(c)(1)	4.4, 13.4
	(c)(2)	13.4
	(c)(3)	13.4
	(d)	11.4, 11.6, 11.9
	(e)	13.5
	(f)	N.A.
315	(a)	7.1, 7.2
	(b)	7.5
	(c)	7.1
	(d)	7.1
	(e)	6.11
316	(a)(last sentence)	2.9
	(a)(1)(A)	6.5
	(a)(1)(B)	6.4
	(a)(2)	N.A.
	(b)	6.7
	(c)	2.12
317	(a)(1)	6.8
	(a)(2)	6.9
	(b)	2.4

* This Cross-Reference Table shall not, for any purpose, be deemed a part of the Indenture.

318	(a)	13.1
	(b)	N.A.
	(c)	13.1

N.A. means not applicable.

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MISCELLANEOUS

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INDENTURE

INDENTURE dated as of June 28, 2002 between Kronos International, Inc., a Delaware corporation (the "Company"), and The Bank of New York, a New York banking corporation, as trustee (the "Trustee").

Each party agrees as follows for the benefit of the other party and for the equal and ratable benefit of the holders (the "Holders") of the Company's 8 7/8 % Senior Secured Notes due 2009:

ARTICLE I.

DEFINITIONS AND INCORPORATION BY REFERENCE

Section 1.1. Definitions.

"Acquired Indebtedness" means Indebtedness of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary of the Company or at the time it merges or consolidates with or into the Company or any of its Restricted Subsidiaries or assumed in connection with the acquisition of assets from such Person and in each case not incurred by such Person in connection with, or in anticipation or contemplation of, such Person becoming a Restricted Subsidiary of the Company or such acquisition, merger or consolidation, except for Indebtedness of a Person or any of its Subsidiaries that is repaid at the time such Person becomes a Restricted Subsidiary of the Company or at the time it merges with or into the Company or any of its Restricted Subsidiaries other than from the assets of the Company and its other Restricted Subsidiaries.

"Additional Interest" means all additional interest then owing pursuant to Section 4 of the Registration Rights Agreement or the comparable section of any registration rights agreement entered into in connection with the issuance of any Additional Notes.

"Additional Notes" means Notes having substantially identical terms and conditions as the (euro)285,000,000 aggregate principal amount of the Company's 8 7/8% Senior Secured Notes issued on the Issue Date, issued pursuant to Article II and in compliance with Section 4.9 of this Indenture.

"Adjusted Bund Rate" means, with respect to any Redemption Date, the mid-market yield, under the heading which represents the average for the immediately prior week, appearing on Reuters page AABBUND01, or its successor, for the maturity corresponding to June 30, 2009 (if no maturity date is within three months before or after June 30, 2009, yields for the two published maturities most closely corresponding to June 30, 2009 shall be determined and the Bund yield shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month), plus 0.50%. The bund rate shall be calculated on the third Business Day preceding such Redemption Date.

"Affiliate" means, with respect to any specified Person, any other Person who directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative of the foregoing.

"Agent" means any Registrar, Paying Agent or co-registrar.

"Applicable Premium" means, with respect to a Note at any Redemption Date, the greater of (i) 1.0% of the principal amount of such Note and (ii) the excess of (A) the present value at such Redemption Date of (1) the redemption price of such Note on December 30, 2005 (such redemption price being that described in Section 3.7) plus (2) all required remaining scheduled interest payments due on such Note through December 30, 2005, computed using a discount rate equal to the Adjusted Bund Rate, over (B) the principal amount of such Note on such Redemption Date. Calculation of the Applicable Premium will be made by the Company or on behalf of the Company by such Person as the Company shall designate; provided, however, that such calculation shall not be a duty or obligation of the Trustee.

"Asset Acquisition" means (1) an Investment by the Company or any Restricted Subsidiary of the Company in any other Person pursuant to which such Person shall become a Restricted Subsidiary of the Company or of any Restricted Subsidiary of the Company, or shall be merged with or into the Company or any Restricted Subsidiary of the Company, or (2) the acquisition by the Company or any Restricted Subsidiary of the Company of the assets of any Person (other than a Restricted Subsidiary of the Company) which constitute all or substantially all of the assets of such Person or comprise any division or line of business of such Person or any other properties or assets of such Person other than in the ordinary course of business.

"Asset Sale" means any direct or indirect sale, issuance, conveyance, transfer, lease (other than operating leases entered into in the ordinary course of business), assignment or other transfer for value by the Company or any of its Restricted Subsidiaries (including any Sale and Leaseback Transaction) to any Person other than the Company or a Wholly Owned Restricted Subsidiary of the Company of: (1) any Capital Stock of any Restricted Subsidiary of the Company; or (2) any other property or assets of the Company or any Restricted Subsidiary of the Company other than in the ordinary course of business; provided, however, that asset sales or other dispositions shall not include: (a) a transaction or series of related transactions for which the Company or its Restricted Subsidiaries receive aggregate consideration of less than $2 million; (b) the sale, lease, conveyance, disposition or other transfer of all or substantially all of the assets of the Company as permitted under Section 5.1; (c) sales or grants of licenses to use the patents, trade secrets, know-how and other intellectual property of the Company or any of its Restricted Subsidiaries to the extent that any such license does not prohibit the Company or any of its Restricted Subsidiaries from using any material technologies licensed or require the Company or any of its Restricted Subsidiaries to pay fees (other than de minimis fees) for use of any material technologies; (d) the sale or discount, in each case without recourse, of accounts receivable arising in the ordinary course of business, but only in connection with the compromise

or collection thereof; (e) disposals or replacements of obsolete, surplus or unused equipment in the ordinary course of business; (f) any Restricted Payment not prohibited by Section 4.7 or that constitutes a Permitted Investment; (g) the sale, lease, conveyance, disposition or other transfer of assets or Capital Stock of Kronos Invest A/S or Capital Stock of Tinfoss Titan & Iron A/S to the extent the aggregate consideration therefrom is less than $10 million; and (h) Permitted Affiliate Transactions.

"Bankruptcy Law" means Title 11, U.S. Code or any similar Federal or state law for the relief of debtors or any analogous law of any other nation or legal jurisdiction or any political subdivision thereof for the relief of debtors.

"Board of Directors" means, as to any Person, the board of directors of such Person or any duly authorized committee thereof.

"Board Resolution" means, with respect to any Person, a copy of a resolution certified by the Secretary or an Assistant Secretary of such Person to have been duly adopted by the Board of Directors of such Person and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Business Day" means any day excluding Saturday, Sunday and any day which is a legal holiday under the laws of New York, London, England, Germany or Luxembourg or is a day on which banking institutions therein located are authorized or required by law or other governmental action to close.

"Capital Stock" means:

(1) with respect to any Person that is a corporation, any and all shares, interests, participations or other equivalents (however designated and whether or not voting) of corporate stock, including each class of Common Stock and Preferred Stock of such Person, and all options, warrants or other rights to purchase or acquire any of the foregoing; and

(2) with respect to any Person that is not a corporation, any and all partnership, membership or other equity interests of such Person, and all options, warrants or other rights to purchase or acquire any of the foregoing.

"Capitalized Lease Obligation" means, as to any Person, the obligations of such Person under a lease that are required to be classified and accounted for as capital lease obligations under GAAP and, for purposes of this definition, the amount of such obligations at any date shall be the capitalized amount of such obligations at such date, determined in accordance with GAAP.

"Cash Equivalents" means:

(1) marketable direct obligations issued by, or unconditionally guaranteed by, the government of any member of the European Union on the Issue Date or the Kingdom of Norway or the United States government or

issued by any agency of any of the foregoing governments and backed by the full faith and credit of any such member of the European Union on the Issue Date or Norway or the United States, in each case maturing within one year from the date of acquisition thereof;

(2) marketable direct obligations issued by any member of the European Union on the Issue Date or the Kingdom of Norway or any state of the United States of America or the District of Columbia or any political subdivision of any such state or District or any public instrumentality thereof maturing within one year from the date of acquisition thereof and, at the time of acquisition, having one of the two highest ratings obtainable from either S&P or Moody's;

(3) commercial paper maturing no more than one year from the date of creation thereof and, at the time of acquisition, having a rating of at least A-1 from S&P or at least P-1 from Moody's;

(4) certificates of deposit or bankers' acceptances maturing within one year from the date of acquisition thereof and having, at the time of acquisition, a rating of at least A-1 from S&P or at least P-1 from Moody's and issued by any bank organized under the laws of any member of the European Union on the Issue Date or the Kingdom of Norway or the United States of America or any state thereof or the District of Columbia or any U.S. branch of a foreign bank having at the date of acquisition thereof combined capital and surplus of not less than $250 million;

(5) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clause (1) above entered into with any bank meeting the qualifications specified in clause (4) above; and

(6) Investments in money market funds which invest substantially all their assets in securities of the types described in clauses (1) through (5) above.

"Change of Control" means the occurrence of one or more of the following events:

(1) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company to any Person or group of related Persons (other than the Permitted Holders) for purposes of Section 13(d) of the Exchange Act (a "Group"), together with any Affiliates thereof (whether or not otherwise in compliance with the provisions of this Indenture);

(2) the approval by the holders of Capital Stock of the Company of any plan or proposal for the liquidation or dissolution of the Company (whether or not otherwise in compliance with the provisions of this Indenture);

(3) any Person or Group (other than the Permitted Holders) shall become the owner, directly or indirectly, beneficially or of record, of

shares representing more than 50% of the aggregate ordinary voting power represented by the issued and outstanding Capital Stock of the Company; or

(4) the replacement of a majority of the Board of Directors of the Company over a two-year period from the directors who constituted the Board of Directors of the Company at the beginning of such period, and such replacement shall not have been (A) approved by a vote of at least a majority of the Board of Directors of the Company then still in office who either were members of such Board of Directors at the beginning of such period or whose election as a member of such Board of Directors was previously so approved or (B) approved by the Permitted Holders so long as the Permitted Holders then beneficially own a majority of the Capital Stock of the Company.

"Clearstream" shall mean Clearstream Banking, Societe Anonyme, Luxembourg.

"Collateral" means, collectively, all of the property pledged to the Trustee or the Collateral Agent for their respective benefit as Trustee or Collateral Agent or for the benefit of the Holders, together with all property that is from time to time subject to the Security Interest of the Security Documents.

"Collateral Agency Agreement" means the collateral agency agreement, dated June 28, 2002, among The Bank of New York, as Trustee, the Company and U.S. Bank, N.A., as Collateral Agent, as such shall be amended, supplemented or replaced from time to time.

"Collateral Agent" means U.S. Bank, N.A., together with any successors and assigns.

"Commission" means the Securities and Exchange Commission.

"Commodity Agreements" means any commodity futures contract, commodity option or other similar agreement or arrangement entered into by the Company or any of its Restricted Subsidiaries and designed to protect the Company or any of its Restricted Subsidiaries against fluctuations in the price of commodities actually at that time used in the ordinary course of business of the Company or its Restricted Subsidiaries.

"Common Depository" means initially The Bank of New York, London Branch (or its nominee) or such other common depository for a Depositary as may be appointed by such Depositary from time to time.

"Common Stock" of any Person means any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common stock, whether outstanding on the Issue Date or issued after the Issue Date, and includes, without limitation, all series and classes of such common stock.

"Company" means Kronos International, Inc., a Delaware corporation, until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter means such successor Person.

"Consolidated EBITDA" means, with respect to any Person, for any period, the sum (without duplication) of:

(1) Consolidated Net Income; and

(2) to the extent Consolidated Net Income has been reduced thereby:

(a) all income taxes of such Person and its Restricted Subsidiaries paid or accrued in accordance with GAAP for such period;

(b) Consolidated Interest Expense; and

(c) Consolidated Non-cash Charges,

all as determined on a consolidated basis for such Person and its Restricted Subsidiaries in accordance with GAAP.

"Consolidated Fixed Charge Coverage Ratio" means, with respect to any Person, the ratio of Consolidated EBITDA of such Person during the four full fiscal quarters (the "Four Quarter Period") ending prior to the date of the transaction giving rise to the need to calculate the Consolidated Fixed Charge Coverage Ratio for which financial statements are available (the "Transaction Date") to Consolidated Fixed Charges of such Person for the Four Quarter Period. In addition to and without limitation of the foregoing, for purposes of this definition, "Consolidated EBITDA" and "Consolidated Fixed Charges" shall be calculated after giving effect on a pro forma basis for the period of such calculation to:

(1) the incurrence or repayment of any Indebtedness of such Person or any of its Restricted Subsidiaries (and the application of the proceeds thereof) giving rise to the need to make such calculation and any incurrence or repayment of other Indebtedness (and the application of the proceeds thereof), other than the incurrence or repayment of Indebtedness in the ordinary course of business for working capital purposes pursuant to working capital facilities, occurring during the Four Quarter Period or at any time subsequent to the last day of the Four Quarter Period and on or prior to the Transaction Date, as if such incurrence or repayment, as the case may be (and the application of the proceeds thereof), occurred on the first day of the Four Quarter Period; and

(2) any asset sales (other than disposals or replacements of obsolete or unused equipment in the ordinary course of business) or other dispositions or Asset Acquisitions (including, without limitation, any Asset Acquisition giving rise to the need to make such calculation as a result of such Person or one of its Restricted Subsidiaries (including any Person who becomes a Restricted Subsidiary as a result of the Asset Acquisition) incurring, assuming or otherwise being liable for Acquired Indebtedness and also including any Consolidated EBITDA (including any pro forma expense and cost reductions calculated on a basis consistent with Regulation S-X under the Exchange Act) attributable to the assets which are the subject of the Asset Acquisition or asset sale or other disposition during the Four Quarter Period) occurring during the Four Quarter Period or at any time subsequent to the last day of the Four Quarter Period and on or prior to the Transaction Date, as if such asset

sale or other disposition or Asset Acquisition (including the incurrence, assumption or liability for any such Acquired Indebtedness) occurred on the first day of the Four Quarter Period. If such Person or any of its Restricted Subsidiaries directly or indirectly guarantees Indebtedness of a third Person, the preceding sentence shall give effect to the incurrence of such guaranteed Indebtedness as if such Person or any Restricted Subsidiary of such Person had directly incurred or otherwise assumed such guaranteed Indebtedness.

Furthermore, in calculating "Consolidated Fixed Charges" for purposes of determining the denominator (but not the numerator) of this "Consolidated Fixed Charge Coverage Ratio":

(1) interest on outstanding Indebtedness determined on a fluctuating basis as of the Transaction Date and which will continue to be so determined thereafter shall be deemed to have accrued at a fixed rate per annum equal to the rate of interest on such Indebtedness in effect on the Transaction Date; and

(2) notwithstanding clause (1) above, interest on Indebtedness determined on a fluctuating basis, to the extent such interest is covered by agreements relating to Interest Swap Obligations, shall be deemed to accrue at the rate per annum resulting after giving effect to the operation of such agreements.

"Consolidated Fixed Charges" means, with respect to any Person for any period, the sum, without duplication, of:

(1) Consolidated Interest Expense; plus

(2) the product of (x) the amount of all dividend payments on any series of Preferred Stock of such Person (other than dividends paid in Qualified Capital Stock) paid, accrued or scheduled to be paid or accrued during such period times (y) a fraction, the numerator of which is one and the denominator of which is one minus the then current effective consolidated federal, state and local income tax rate of such Person, expressed as a decimal.

"Consolidated Interest Expense" means, with respect to any Person for any period, the sum of, without duplication:

(1) the aggregate of the interest expense of such Person and its Restricted Subsidiaries for such period determined on a consolidated basis in accordance with GAAP, including without limitation: (a) any amortization of debt discount and amortization or write-off of deferred financing costs; (b) the net cash costs under Interest Swap Obligations; (c) all capitalized interest; and (d) the interest portion of any deferred payment obligation; and

(2) the interest component of Capitalized Lease Obligations paid, accrued and/or scheduled to be paid or accrued by such Person and its Restricted Subsidiaries during such period as determined on a consolidated basis in accordance with GAAP.

"Consolidated Net Income" means, with respect to any Person, for any period, the aggregate net income (or loss) of such Person and its Restricted Subsidiaries for such period on a consolidated basis, determined in accordance with GAAP; provided that there shall be excluded therefrom:

(1) after-tax gains from Asset Sales (without regard to the $2 million limitation set forth in the definition thereof) or abandonments or reserves relating thereto;

(2) after-tax items classified as extraordinary gains in accordance with GAAP;

(3) the net income of any Person acquired in a "pooling of interests" transaction accrued prior to the date it becomes a Restricted Subsidiary of the referent Person or is merged or consolidated with the referent Person or any Restricted Subsidiary of the referent Person;

(4) the net income (but not loss) of any Restricted Subsidiary of the referent Person to the extent that the declaration of dividends or similar distributions by that Restricted Subsidiary of that income is restricted by a contract, operation of law or otherwise; provided, however, that if the Restricted Subsidiary is able despite any such restriction to distribute income or otherwise transfer cash to the referent Person by way of an intercompany loan or otherwise, then such income or cash, to the extent of such ability, shall not be excluded pursuant to this clause (4);

(5) the net income of any Person, other than a Restricted Subsidiary of the referent Person, except to the extent of cash dividends or distributions paid to the referent Person or to a Wholly Owned Restricted Subsidiary of the referent Person by such Person;

(6) income or loss attributable to discontinued operations (including, without limitation, operations disposed of during such period whether or not such operations were classified as discontinued); provided, however, that such income or loss shall be included in Consolidated Net Income for the purpose of calculating Consolidated Net Income of the Company for Section 4.7(1)(iii)(v);

(7) in the case of a successor to the referent Person by consolidation or merger or as a transferee of the referent Person's assets, any earnings of the successor corporation prior to such consolidation, merger or transfer of assets;

(8) non-cash charges relating to compensation expense in connection with benefits provided under employee stock option plans, restricted stock option plans and other employee stock purchase or stock incentive plans; and

(9) income or loss attributable solely to fluctuations in currency values and related tax effects, in either case related to notes and accounts payable existing prior to or as of the Issue Date and payable to Affiliates of the Company.

"Consolidated Net Worth" of any Person means the consolidated stockholders' equity of such Person, determined on a consolidated basis in accordance with GAAP, less (without duplication) amounts attributable to Disqualified Capital Stock of such Person.

"Consolidated Non-cash Charges" means, with respect to any Person, for any period, the aggregate depreciation, amortization and other non-cash expenses of such Person and its Restricted Subsidiaries reducing Consolidated Net Income of such Person and its Restricted Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP (excluding any such charges constituting an extraordinary item or loss or any such charge which requires an accrual of or a reserve for cash charges for any future period).

"Corporate Trust Office of the Trustee" shall be at the address of the Trustee specified in Section 13.2 of this Indenture or such other address as to which the Trustee may give notice to the Company.

"Credit Agreement" means the Credit Agreement dated June 25, 2002 among Kronos Titan GmbH & Co. OHG., Kronos Europe S.A./N.V., Kronos Titan A/S and Titania A/S, the lenders party thereto in their capacities as lenders thereunder, and Deutsche Bank AG, as mandated Lead Arranger, and Deutsche Bank Luxembourg S.A., as Agent and Security Agent, together with the related documents thereto (including, without limitation, any guarantee agreements and security documents), in each case as such agreements may be amended (including any amendment and restatement thereof), supplemented or otherwise modified from time to time, including any agreement extending the maturity of, refinancing, replacing or otherwise restructuring (including increasing the amount of available borrowings thereunder (provided that such increase in borrowings is permitted by Section 4.9 of this Indenture) or adding Restricted Subsidiaries of the Company as additional borrowers or guarantors thereunder) all or any portion of the Indebtedness under such agreement or any successor or replacement agreement and whether by the same or any other agent, lender or group of lenders.

"Currency Agreement" means any foreign exchange contract, currency swap agreement or other similar agreement or arrangement designed to protect the Company or any Restricted Subsidiary of the Company against fluctuations in currency values.

"Default" means an event or condition the occurrence of which is, or with the lapse of time or the giving of notice or both would be, an Event of Default.

"Depositary" means Euroclear or Clearstream or a successor clearing agency to either or both of them.

"Disqualified Capital Stock" means that portion of any Capital Stock which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable, in either case at the option of the holder thereof), or upon the happening of any event (other than an event which would constitute a Change of Control), matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the sole option of the holder thereof (except, in each case, upon the occurrence of a Change of Control) on or prior to the final maturity date of the Notes.

"Euro" or "(euro)" means the currency introduced at the start of the third stage of economic and monetary union pursuant to the Treaty of Rome establishing the European Community, as amended by the Treaty on European Union, signed at Maastricht on February 7, 1992.

"Euroclear" means Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, or any successor statute or statutes thereto.

"Exchange Offer" means the offer that shall be made by the Company pursuant to the Registration Rights Agreement to exchange the Series A Notes for the Series B Notes.

"fair market value" means, with respect to any asset or property, the price which could be negotiated in an arm's-length, free market transaction, for cash, between a willing seller and a willing and able buyer, neither of whom is under undue pressure or compulsion to complete the transaction. Fair market value shall be determined by the Board of Directors of the Company acting reasonably and in good faith and shall be evidenced by a Board Resolution of the Board of Directors of the Company delivered to the Trustee.

"Final Memorandum" shall mean the Company's final offering memorandum dated June 19, 2002 in respect of the Notes.

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession of the United States, which are in effect as of the Issue Date.

"Government Securities" means securities issued or directly and fully guaranteed or insured by the government of any member of the European Union or the Kingdom of Norway on the Issue Date rated AAA or above.

"Guarantee" means the guarantee of any Guarantor of the obligations of the Company under this Indenture and the Notes that may be in effect from time to time.

"Guarantor" means each of the Company's Restricted Subsidiaries that in the future executes a supplemental indenture in which such Restricted Subsidiary agrees to be bound by the terms of this Indenture as a Guarantor; provided that any Person constituting a Guarantor as described above shall cease to constitute a Guarantor when its respective Guarantee is released in accordance with the terms of this Indenture.

"Holder" means a Person in whose name a Note is registered.

"Indebtedness" means with respect to any Person, without duplication:

(1) all Obligations of such Person for borrowed money;

(2) all Obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all Capitalized Lease Obligations of such Person;

(4) all Obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations and all Obligations under any title retention agreement (but excluding from all of the foregoing trade accounts payable and other accrued liabilities arising in the ordinary course of business);

(5) all Obligations for the reimbursement of any obligor on any letter of credit, banker's acceptance or similar credit transaction;

(6) guarantees and other contingent obligations in respect of Indebtedness referred to in clauses (1) through (5) above and clause (8) below;

(7) all Obligations of any other Person of the type referred to in clauses (1) through (6) which are secured by any Lien on any property or asset of such Person, the amount of such Obligation being deemed to be the lesser of the fair market value of such property or asset or the amount of the Obligation so secured;

(8) all Obligations under Currency Agreements, Interest Swap Obligations of such Person and Commodity Agreements; and

(9) all Disqualified Capital Stock issued by such Person with the amount of Indebtedness represented by such Disqualified Capital Stock being equal to the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price, but excluding accrued dividends, if any.

For purposes hereof, the "maximum fixed repurchase price" of any Disqualified Capital Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Capital Stock as if such Disqualified Capital Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to this Indenture, and if such price is based upon, or measured by, the fair market value of such Disqualified Capital Stock, such fair market value shall be determined reasonably and in good faith by the Board of Directors of the issuer of such Disqualified Capital Stock.

"Indenture" means this Indenture, as amended or supplemented from time to time.

"Independent Financial Advisor" means a firm: (1) which does not, and whose directors, officers and employees or Affiliates do not, have a direct

or indirect financial interest in the Company; and (2) which, in the judgment of the Board of Directors of the Company, is otherwise independent and qualified to perform the task for which it is to be engaged.

"Initial Purchasers" means Deutsche Bank AG London, Dresdner Bank AG London Branch and Commerzbank Aktiengesellschaft, London Branch.

"Interest Swap Obligations" means the obligations of any Person pursuant to any arrangement with any other Person whereby, directly or indirectly, such Person is entitled to receive from time to time periodic payments calculated by applying either a floating or a fixed rate of interest on a stated notional amount in exchange for periodic payments made by such other Person calculated by applying a fixed or a floating rate of interest on the same notional amount and shall include, without limitation, interest rate swaps, caps, floors, collars and similar agreements.

"Investment" means, with respect to any Person, any direct or indirect loan or other extension of credit (including, without limitation, a guarantee) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition by such Person of any Capital Stock, bonds, notes, debentures or other securities or evidences of Indebtedness issued by, any Person. "Investment" shall exclude (i) extensions of trade credit by the Company and its Restricted Subsidiaries on commercially reasonable terms in accordance with normal trade practices of the Company or such Restricted Subsidiary, as the case may be, provided that nothing in this clause shall prevent the Company or any Restricted Subsidiary from providing such concessionary trade terms as management deems reasonable in the circumstances; and (ii) loans or extensions of credit which otherwise are Permitted Affiliate Transactions. If the Company or any Restricted Subsidiary of the Company sells or otherwise disposes of any Common Stock of any direct or indirect Restricted Subsidiary of the Company such that, after giving effect to any such sale or disposition, the Company no longer owns, directly or indirectly, at least 50% of the outstanding Common Stock of such Restricted Subsidiary, the Company shall be deemed to have made an Investment on the date of any such sale or disposition equal to the fair market value of the Common Stock of such Restricted Subsidiary not sold or disposed of.

"Issue Date" means the date of original issuance of the Notes.

"Kronos" means Kronos, Inc., a Delaware corporation, and its successors.

"Lien" means any lien, mortgage, deed of trust, pledge, security interest, charge or encumbrance of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof and any agreement to give any security interest).

"Material Adverse Effect" means, in the aggregate, a material adverse effect on the business, condition (financial or otherwise) or results of operations of the Company and its Restricted Subsidiaries taken as a whole.

"Moody's" means Moody's Investors Service, Inc. or any successor rating agency.

"Net Cash Proceeds" means, with respect to any Asset Sale, the proceeds in the form of cash or Cash Equivalents including payments in respect of deferred payment obligations when received in the form of cash or Cash Equivalents (other than the portion of any such deferred payment constituting interest) received by the Company or any of its Restricted Subsidiaries from such Asset Sale net of:

(1) reasonable out-of-pocket expenses and fees relating to such Asset Sale (including, without limitation, legal, accounting and investment banking fees and sales commissions);

(2) taxes paid or payable or reasonably reserved for after taking into account any reduction in consolidated tax liability due to available tax credits or deductions and any tax sharing arrangements;

(3) repayment of Indebtedness that is secured by the property or assets that are the subject of such Asset Sale; and

(4) appropriate amounts to be provided by the Company or any Restricted Subsidiary, as the case may be, as a reserve, in accordance with GAAP, against any liabilities associated with such Asset Sale and retained by the Company or any Restricted Subsidiary, as the case may be, after such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale.

"NL Industries" means NL Industries, Inc., a New Jersey corporation, and its successors.

"Notes" means the Series A Notes and the Series B Notes, if any, that are issued under this Indenture, as amended or supplemented from time to time.

"Obligations" means all obligations for principal, premium, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"Officer" means, (a) with respect to any Person that is a corporation, the Chairman of the Board, the Chief Executive Officer, the President, the Chief Operating Officer, the Chief Financial Officer, the Treasurer, an Assistant Treasurer, the Controller, the Secretary or any Vice-President of such Person and (b) with respect to any other Person, the individuals selected by such Person to perform functions similar to those of the officers listed in clause (a) of this definition.

"Officers' Certificate" means a certificate signed on behalf of the Company by two Officers of the Company, one of whom must be the Chief Executive Officer, the Chief Financial Officer, the Treasurer or the principal accounting officer of the Company, that meets the requirements of Sections 13.4 and 13.5 of this Indenture.

"Opinion of Counsel" means an opinion from legal counsel who is reasonably acceptable to the Trustee, that meets the requirements of Sections 13.4 and 13.5 of this Indenture. The counsel may be an employee of or counsel to the Company or any Subsidiary of the Company.

"Permitted Holder(s)" means (1) Harold C. Simmons ("Simmons"), (2) any trust established primarily for the benefit of Simmons or members of his family (including his spouse and/or his descendants (whether natural or adopted)) or both ("Simmons Trust"), (3) trustees, acting in such capacity, or beneficiaries of a Simmons Trust to the extent of the beneficial interest therein and for so long as such Simmons Trust exists ("Simmons Beneficiaries and Trustees") , (4) NL Industries, (5) any employee plan or pension fund of NL Industries, the Company or any of their Subsidiaries, (6) any Person holding Capital Stock for or pursuant to the terms of any such plan or fund and (7) any Person controlled by, or any group made up of, any one or more of the Persons specified in (1) through (6) above.

"Permitted Indebtedness" means, without duplication, each of the following:

(1) Indebtedness under the Notes (other than Additional Notes) issued in the Offering in an aggregate principal amount not to exceed (euro)285 million and Guarantees in respect thereof;

(2) Indebtedness incurred pursuant to the Credit Agreement in an aggregate principal amount at any time outstanding not to exceed (euro)80 million less the amount of any principal payments made by the Company under the Credit Agreement with the Net Cash Proceeds of any Asset Sale (which are accompanied by a corresponding permanent commitment reduction) pursuant to Section 4.10(1)(c)(i) or under clause (3) of the definition of Net Cash Proceeds;

(3) other Indebtedness of the Company and its Restricted Subsidiaries outstanding on the Issue Date;

(4) Interest Swap Obligations of the Company or any Restricted Subsidiary of the Company covering Indebtedness of the Company or any of its Restricted Subsidiaries; provided, however, that such Interest Swap Obligations are entered into to protect the Company and its Restricted Subsidiaries from fluctuations in interest rates on its outstanding Indebtedness to the extent the notional principal amount of such Interest Swap Obligation does not, at the time of the incurrence thereof, exceed the principal amount of the Indebtedness to which such Interest Swap Obligation relates;

(5) Indebtedness under Commodity Agreements and Currency Agreements; provided that in the case of Currency Agreements which relate to Indebtedness, such Currency Agreements do not increase the Indebtedness or trade payables (as applicable) of the Company and its Restricted Subsidiaries outstanding other than as a result of fluctuations in foreign currency exchange rates or by reason of fees, indemnities and compensation payable thereunder;

(6) Indebtedness of a Restricted Subsidiary of the Company to the Company or to a Restricted Subsidiary of the Company for so long as such Indebtedness is held by the Company or a Restricted Subsidiary of the Company, in each case subject to no Lien held by a Person other than the Company or a Restricted Subsidiary of the Company or lenders in respect of the Credit Agreement or other Permitted Indebtedness; provided that if as of any date any Person other than the Company or a Restricted Subsidiary of the Company owns or holds any such Indebtedness or any Person other than the Company or a Restricted Subsidiary of the Company or lenders in respect of the Credit Agreement or other Permitted Indebtedness holds a Lien in respect of such Indebtedness, such date shall be deemed the incurrence of Indebtedness not constituting Permitted Indebtedness by the issuer of such Indebtedness pursuant to this clause (6);

(7) Indebtedness of the Company to a Restricted Subsidiary of the Company for so long as such Indebtedness is held by a Restricted Subsidiary of the Company, in each case subject to no Lien other than a Lien of the lenders in respect of the Credit Agreement or other Permitted Indebtedness of such Restricted Subsidiary; provided that if as of any date any Person other than a Restricted Subsidiary of the Company owns or holds any such Indebtedness or any Person other than the lenders in respect of the Credit Agreement or other Permitted Indebtedness of such Restricted Subsidiary holds a Lien in respect of such Indebtedness, such date shall be deemed the incurrence of Indebtedness not constituting Permitted Indebtedness by the Company pursuant to this clause (7);

(8) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business; provided, however, that such Indebtedness is extinguished within two Business Days of incurrence;

(9) Indebtedness of the Company or any of its Restricted Subsidiaries in respect of bid, payment or performance bonds, bankers' acceptances, workers' compensation claims, surety or appeal bonds, payment obligations in connection with self-insurance or similar obligations, and bank overdrafts (and letters of credit in respect thereof) and commercial letters of credit, in all such cases in the ordinary course of business;

(10) Refinancing Indebtedness;

(11) additional Indebtedness of the Company in an aggregate principal amount not to exceed $20 million at any one time outstanding;

(12) additional Indebtedness of one or more Restricted Subsidiaries of the Company in an aggregate principal amount not to exceed $20 million at any one time outstanding (which amount may, but need not, be incurred in whole or in part under the Credit Agreement);

(13) Indebtedness of the Company or any Restricted Subsidiary of the Company consisting of guarantees, indemnities or obligations in respect of customary purchase price adjustments in connection with the acquisition or disposition of assets; and

(14) Indebtedness represented by Capitalized Lease Obligations and Purchase Money Indebtedness of the Company and its Restricted Subsidiaries incurred in the ordinary course of business not to exceed $15 million at any one time outstanding.

For purposes of determining compliance with Section 4.9 of this Indenture, in the event that an item of Indebtedness meets the criteria of more than one of the categories of Permitted Indebtedness described in clauses (1) through (14) above or is entitled to be incurred pursuant to the Consolidated Fixed Charge Coverage Ratio provisions of Section 4.9 of this Indenture, the Company shall, in its sole discretion, classify (or later reclassify) such item of Indebtedness in any manner that complies with Section 4.9 of this Indenture. Accrual of interest, accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, the payment of dividends on Disqualified Capital Stock in the form of additional shares of the same class of Disqualified Capital Stock, and changes in the amount outstanding due solely to fluctuations in currency exchange rates, will not be deemed to be an incurrence of Indebtedness or an issuance of Disqualified Capital Stock for purposes of Section 4.9 of this Indenture.

"Permitted Investments" means, without duplication:

(1) Investments by the Company or any Restricted Subsidiary of the Company in any Person that is or will become immediately after such Investment a Restricted Subsidiary of the Company or that will merge or consolidate into the Company or a Restricted Subsidiary of the Company;

(2) Investments in the Company by any Restricted Subsidiary of the Company;

(3) Investments in cash and Cash Equivalents;

(4) loans and advances to employees and officers of the Company and its Restricted Subsidiaries in the ordinary course of business for bona fide business purposes;

(5) Commodity Agreements, Currency Agreements and Interest Swap Obligations entered into in the ordinary course of the Company's or its Restricted Subsidiaries' businesses and otherwise in compliance with this Indenture;

(6) additional Investments not to exceed $20 million at any one time outstanding;

(7) Investments existing on the Issue Date;

(8) Investments resulting from settlements or compromises of accounts receivable or trade payables in the ordinary course of business, Investments in securities of trade creditors or customers received

pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such trade creditors or customers or in good faith settlements of delinquent obligations of such trade creditors or customers;

(9) Investments made by the Company or its Restricted Subsidiaries as a result of consideration received or investments deemed made in connection with an Asset Sale made in compliance with Section 4.10 of this Indenture;

(10) Investments represented by guarantees that are otherwise permitted under this Indenture;

(11) Investments the payment for which is Qualified Capital Stock of the Company; and

(12) Investments by the Company consisting of loans to one or more officers, directors or other employees of the Company or any of its Subsidiaries in connection with such officers', directors' or employees' acquisition of shares of Capital Stock of the Company or its Affiliates, pursuant to the exercise of stock options or in connection with other equity-based compensation.

"Permitted Liens" means the following types of Liens:

(1) Liens for taxes, assessments or governmental charges or claims either (a) not delinquent or (b) contested in good faith by appropriate proceedings and as to which the Company or its Restricted Subsidiaries shall have set aside on its books such reserves as may be required pursuant to GAAP;

(2) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, suppliers, materialmen, repairmen and other Liens imposed by law incurred in the ordinary course of business for sums not yet delinquent or being contested in good faith, if such reserve or other appropriate provision, if any, as shall be required by GAAP shall have been made in respect thereof;

(3) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, including any Lien securing letters of credit issued in the ordinary course of business consistent with past practice in connection therewith, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, performance bonds, leases, government contracts, performance and return-of-money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money), or to secure letters of credit, bankers' acceptances, payment obligations in connection with self-insurance or similar obligations and bank overdrafts (and letters of credit in respect thereof), in each case in the ordinary course of business;

(4) judgment Liens not giving rise to an Event of Default so long as such Lien is adequately bonded and any appropriate legal proceedings which

may have been duly initiated for the review of such judgment shall not have been finally terminated or the period within which such proceedings may be initiated shall not have expired;

(5) easements, rights-of-way, zoning restrictions and other similar charges or encumbrances in respect of real property not interfering in any material respect with the ordinary conduct of the business of the Company or any of its Restricted Subsidiaries;

(6) any interest or title of a lessor under any Capitalized Lease Obligation; provided that such Liens do not extend to any property or assets which is not leased property subject to such Capitalized Lease Obligation;

(7) purchase money Liens to finance the construction, acquisition, repair of or improvements or additions to property or assets of the Company or any Restricted Subsidiary of the Company, in each case in the ordinary course of business; provided, however, that (a) the related purchase money Indebtedness shall not exceed the cost of such property or assets and shall not be secured by any property or assets of the Company or any Restricted Subsidiary of the Company other than the property and assets so acquired and (b) the Lien securing such Indebtedness shall be created within 90 days of such construction, acquisition, repair, improvement or addition;

(8) Liens upon specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(9) Liens securing reimbursement obligations with respect to commercial letters of credit which encumber documents and other property relating to such letters of credit in the ordinary course of business and products and proceeds thereof;

(10) Liens encumbering deposits made to secure obligations arising from statutory, regulatory, contractual, or warranty requirements of the Company or any of its Restricted Subsidiaries, including rights of offset and set-off;

(11) Liens securing Interest Swap Obligations that relate to Indebtedness that is otherwise permitted under this Indenture;

(12) Liens securing Indebtedness under Commodity Agreements or Currency Agreements;

(13) Liens securing Acquired Indebtedness incurred in accordance with Section 4.9 of this Indenture; provided that:

(a) such Liens secured such Acquired Indebtedness at the time of and prior to the incurrence of such Acquired Indebtedness by the Company or a Restricted Subsidiary of the Company and were

not granted in connection with, or in anticipation of, the incurrence of such Acquired Indebtedness by the Company or a Restricted Subsidiary of the Company; and

(b) such Liens do not extend to or cover any property or assets of the Company or of any of its Restricted Subsidiaries other than the property or assets that secured the Acquired Indebtedness prior to the time such Indebtedness became Acquired Indebtedness of the Company or a Restricted Subsidiary of the Company;

(14) leases, subleases, licenses and sublicenses granted to others that do not materially interfere with the ordinary course of business of the Company and its Restricted Subsidiaries;

(15) banker's Liens, rights of setoff and similar Liens with respect to cash and Cash Equivalents on deposit in one or more bank accounts in the ordinary course of business;

(16) Liens arising from filing Uniform Commercial Code financing statements (or similar or equivalent notice-type filings in jurisdictions in which the Uniform Commercial Code has not been adopted or adopted in substantial part) regarding leases;

(17) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(18) Liens in favor of the Company securing Indebtedness owed to the Company by one or more of its Subsidiaries;

(19) rights of customers with respect to inventory which arise from deposits and progress payments made in the ordinary course of business; and

(20) escrow agreements and similar arrangements with respect to Indebtedness permitted to be incurred by the Company or its Restricted Subsidiaries pursuant to clause (13) of the definition of Permitted Indebtedness.

"Person" means an individual, partnership, corporation, limited liability company, unincorporated organization, trust or joint venture, or a governmental agency or political subdivision thereof.

"Preferred Stock" of any Person means any Capital Stock of such Person that has preferential rights to any other Capital Stock of such Person with respect to dividends or redemptions or upon liquidation.

"Primary Obligations" means, for the purpose of Section 4.19 of this Indenture, any sums owed by the Company to a Holder, the Trustee, the Collateral Agent and all other agents under the Notes and this Indenture.

"Public Equity Offering" means an underwritten public offering of Qualified Capital Stock of the Company, Kronos or NL Industries pursuant to a registration statement filed with the Commission in accordance with the Securities Act (or pursuant to a similar or reasonably equivalent process in the European Union or in any one or more states that are members of the European Union as of the Issue Date or in Norway); provided that, in the event of a Public Equity Offering by Kronos or NL Industries, such issuer directly or indirectly contributes to the equity capital of the Company the portion of the net cash proceeds of such Public Equity Offering necessary to pay the aggregate redemption price (plus accrued interest to the date of redemption) of the Notes to be redeemed pursuant to Section 3.8 of this Indenture.

"Purchase Date" means, with respect to any Note to be purchased, the date fixed for such purchase by or pursuant to this Indenture.

"Purchase Money Indebtedness" means Indebtedness of the Company and its Restricted Subsidiaries incurred in the normal course of business for the purpose of financing all or any part of the purchase price, or the cost of installation, construction or improvement, of property or equipment.

"Purchase Price" means the amount payable for the purchase of any Note on a Purchase Date, exclusive of accrued and unpaid interest and Additional Interest (if any) thereon to the Purchase Date, unless otherwise specifically provided.

"QIB" means a qualified institutional buyer as defined in Rule 144A under the Securities Act.

"Qualified Capital Stock" means any Capital Stock that is not Disqualified Capital Stock.

"Redemption Date" means, with respect to any Note to be redeemed, the date fixed for such redemption by or pursuant to this Indenture.

"Redemption Price" means the amount payable for the redemption of any Note on a Redemption Date, exclusive of accrued and unpaid interest and Additional Interest (if any) thereon to the Redemption Date, unless otherwise specifically provided.

"Refinance" means, in respect of any security or Indebtedness, to refinance, extend, renew, refund, repay, prepay, redeem, defease or retire, or to issue a security or Indebtedness in exchange or replacement for, such security or Indebtedness in whole or in part. "Refinanced" and "Refinancing" shall have correlative meanings.

"Refinancing Indebtedness" means any Refinancing by the Company or any Restricted Subsidiary of the Company of Indebtedness existing on the Issue Date or incurred in accordance with Section 4.9 of this Indenture (other than pursuant to clause (2), (4), (5), (6), (7), (8), (9), (11), (12), (13) or (14) of the definition of Permitted Indebtedness), in each case that does not:

(1) result in an increase in the aggregate principal amount of Indebtedness of such Person as of the date of such proposed Refinancing (plus the amount of any premium required to be paid under the terms of the instrument governing such Indebtedness and plus the amount of reasonable expenses incurred by the Company in connection with such Refinancing); or

(2) create Indebtedness with: (a) a Weighted Average Life to Maturity that is less than the Weighted Average Life to Maturity of the Indebtedness being Refinanced; or (b) a final maturity earlier than the final maturity of the Indebtedness being Refinanced; provided that (x) if such Indebtedness being Refinanced is Indebtedness of the Company, then such Refinancing Indebtedness shall be Indebtedness solely of the Company and (y) if such Indebtedness being Refinanced is subordinate or junior to the Notes, then such Refinancing Indebtedness shall be subordinate to the Notes at least to the same extent and in the same manner as the Indebtedness being Refinanced.

"Registration Rights Agreement" means the registration rights agreement dated as of the Issue Date among the Company and the Initial Purchasers.

"Regulation S" means Regulation S as promulgated under the Securities Act.

"Responsible Officer" means, when used with respect to the Trustee, any officer within the corporate trust department of the Trustee, including any vice president, assistant vice president, assistant secretary, assistant treasurer, trust officer or any other officer of the Trustee who customarily performs functions similar to those performed by the Persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such Person's knowledge of and familiarity with the particular subject and who shall have direct responsibility for administration of this Indenture.

"Restricted Subsidiary" of any Person means any Subsidiary of such Person which at the time of determination is not an Unrestricted Subsidiary.

"Rule 144A" means Rule 144A promulgated under the Securities Act.

"S&P" means Standard & Poor's Rating Group, a division of McGraw Hill, Inc., or any successor rating agency.

"Sale and Leaseback Transaction" means any direct or indirect arrangement with any Person or to which any such Person is a party, providing for the leasing to the Company or a Restricted Subsidiary of the Company of any property, whether owned by the Company or any Restricted Subsidiary of the Company at the Issue Date or later acquired, which has been or is to be sold or transferred by the Company or such Restricted Subsidiary of the Company to such Person or to any other Person from whom funds have been or are to be advanced by such Person on the security of such Property.

"Security Documents" means, collectively, the pledge agreements and all other security agreements or instruments evidencing or creating any security interests in favor of the Collateral Agent or the Trustee for their respective benefit as Collateral Agent or Trustee or for the benefit of the Holders in all or any portion of the Collateral, in each case, as amended, amended and restated, extended, renewed, supplemented or otherwise modified from time to time, in accordance with the terms thereof and this Indenture.

"Security Interest" means the Liens on the Collateral created by the Security Documents in favor of the Collateral Agent or the Trustee, for their respective benefit or for the benefit of the Holders.

"Securities Act" means the Securities Act of 1933, as amended, or any successor statute or statutes thereto.

"Series A Notes" means (i) (euro)285,000,000 aggregate principal amount of 8 7/8% Senior Secured Notes due 2009, issued on the Issue Date and (ii) Additional Notes, if any, issued from time to time in the form of 8 7/8% Senior Secured Notes due 2009 in a transaction exempt from the registration requirements of the Securities Act, in each case substantially in the form of Exhibit A and containing a Private Placement Legend.

"Series B Notes" means (i) notes issued by the Company hereunder containing terms identical to the Series A Notes (except that (A) interest thereon shall accrue from the last date on which interest was paid on the Series A Notes or, if no such interest has been paid, from the date of original issuance, (B) the legend or legends relating to transferability and other related matters set forth on the Series A Notes shall be removed or appropriately altered, and (C) as otherwise set forth herein), to be offered to Holders of Series A Notes in exchange therefor pursuant to the Exchange Offer or any exchange offer specified in any registration rights agreement relating to the Additional Notes and (ii) Additional Notes, if any, issued from time to time in the form of 8 7/8% Senior Secured Notes due 2009 in a transaction subject to the registration requirements of the Securities Act, in each case substantially in the form of Exhibit B.

"Significant Subsidiary", with respect to any Person, means any Restricted Subsidiary of such Person that satisfies the criteria for a "significant subsidiary" set forth in Rule 1.02(w) of Regulation S-X under the Exchange Act.

"Subsidiary", with respect to any Person, means:

(1) any corporation of which the outstanding Capital Stock having at least a majority of the votes entitled to be cast in the election of directors under ordinary circumstances shall at the time be owned, directly or indirectly, by such Person; or

(2) any other Person of which at least a majority of the voting interest under ordinary circumstances is at the time, directly or indirectly, owned by such Person.

"TIA" means the Trust Indenture Act of 1939 (15 U.S.C. Sections 77aaa-77bbbb) as in effect on the date on which this Indenture is qualified under the TIA; provided that in the event the Trust Indenture Act of 1939 is amended after such date, "TIA" means, to the extent required by any such amendment, the Trust Indenture Act of 1939 as so amended.

"Transfer Restricted Security" means a Note that is a restricted security as defined in Rule 144(a)(3) under the Securities Act.

"Trustee" means the party named as such above until a successor replaces it in accordance with the applicable provisions of this Indenture, and thereafter means the successor serving hereunder.

"Trust Monies" means all cash and Cash Equivalents received by the Trustee or a Collateral Agent:

(1) pursuant to the Security Documents;

(2) as proceeds of any sale or other disposition of all or any part of the Collateral by or on behalf of the Trustee or the Collateral Agent or any collection, recovery, receipt, appropriation or other realization of or from all or any part of the Collateral pursuant to this Indenture or any of the Security Documents or otherwise; or

(3) for application as provided in the relevant provisions of this Indenture or any Security Documents for which disposition is not otherwise specifically provided for in this Indenture or in any Security Document;

provided, however, that Trust Monies shall in no event include any property deposited with the Trustee for any redemption, legal defeasance or covenant defeasance of Notes, for the satisfaction and discharge of this Indenture or to pay the purchase price of Notes pursuant to a Change of Control Offer or Asset Sale Offer.

"Unrestricted Subsidiary" of any Person means:

(1) any Subsidiary of such Person that at the time of determination shall be or continue to be designated an Unrestricted Subsidiary by the Board of Directors of such Person in the manner provided below; and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Company may designate any Subsidiary (including any newly acquired or newly formed Subsidiary of the Company) to be an Unrestricted Subsidiary of the Company unless such Subsidiary owns any Capital Stock of, or owns or holds any Lien on any property of, the Company or any Restricted Subsidiary of the Company; provided that:

(1) the Company certifies to the Trustee that such designation complies with Section 4.7 of this Indenture; and

(2) each Subsidiary of the Company to be so designated and each of its Subsidiaries has not at the time of designation, and does not thereafter, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable with respect to any Indebtedness pursuant to which the lender has recourse to any of the assets of the Company or any of its Restricted Subsidiaries.

The Board of Directors of the Company may designate any Unrestricted Subsidiary of the Company to be a Restricted Subsidiary of the Company only if:

(1) immediately after giving effect to such designation, the Company is able to incur at least $1.00 of additional Indebtedness (other than Permitted Indebtedness) in compliance with Section 4.9 of this Indenture; and

(2) immediately before and immediately after giving effect to such designation, no Default or Event of Default shall have occurred and be continuing. Any such designation by the Board of Directors shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the Board Resolution giving effect to such designation and an Officers' Certificate certifying that such designation complied with the foregoing provisions.

"U.S. Person" means any U.S. Person as defined in Regulation S.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness at any date, the number of years obtained by dividing (a) the then outstanding aggregate principal amount of such Indebtedness into (b) the sum of the total of the products obtained by multiplying (i) the amount of each then remaining installment, sinking fund, serial maturity or other required payment of principal, including payment at final maturity, in respect thereof, by (ii) the number of years (calculated to the nearest one-twelfth) which will elapse between such date and the making of such payment.

"Wholly Owned Restricted Subsidiary" of any Person means any Wholly Owned Subsidiary of such Person which at the time of determination is a Restricted Subsidiary of such Person.

"Wholly Owned Subsidiary" of any Person means any Subsidiary of such Person of which all the outstanding voting securities (other than in the case of a foreign Subsidiary, directors' qualifying shares or an immaterial amount of shares required to be owned by other Persons pursuant to applicable law) are owned by such Person or any Wholly Owned Subsidiary of such Person; provided, however, that each of Societe Industrielle du Titane and Kronos Titan-GmbH & Co. OHG shall be deemed to be a Wholly Owned Subsidiary of the Company for all purposes of this Indenture so long as the ownership of outstanding voting securities of each such Subsidiary by the Permitted Holders does not decrease

after the Issue Date (other than in respect of directors' qualifying shares or in respect of an immaterial amount of shares required to be owned by other Persons pursuant to applicable law).

Section 1.2. Other Definitions.

Term	Defined in Section
"Act"	1.5
"Affiliate Transaction"	4.11
"Agent Members"	2.6
"Certificated Notes"	2.1
"Change of Control Offer"	4.15
"Change of Control Payment Date"	3.10
"Covenant Defeasance"	8.3
"Collateral Account"	12.1
"Event of Default"	6.1
"Foreign Collateral"	7.12
"Foreign Person"	2.6
"Global Notes"	2.1
"Guarantee"	10.1
"incur"	4.9
"Institutional Accredited Investors"	2.1
"Judgment Currency"	13.10
"Legal Defeasance"	8.2
"Luxembourg Paying Agent"	2.3
"Net Proceeds Offer"	4.10
"Net Proceeds Offer Amount"	4.10
"Net Proceeds Offer Trigger Date"	4.10
"Offshore Certificated Notes"	2.1
"Parallel Obligations"	4.19
"Paying Agent"	2.3
"Permanent Regulation S Global Note"	2.1
"Permitted Affiliate Transaction"	4.11
"Private Placement Legend"	2.6
"Reference Date"	4.7
"Registrar"	2.3
"Regulation S Global Note"	2.1
"Released Collateral"	11.3
"Replacement Assets"	4.10
"Restricted Payment"	4.7
"Rule 144A Global Note"	2.1
"Special Redemption"	3.8
"Surviving Entity"	5.1
"Temporary Regulation S Global Note"	2.1
"U.S. Certificated Notes"	2.1

Section 1.3. Incorporation by Reference of Trust Indenture Act.

Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture.

The following TIA terms used in this Indenture have the following meanings:

"indenture securities" means the Notes;

"indenture security holder" means a Holder;

"indenture to be qualified" means this Indenture;

"indenture trustee" or "institutional trustee" means the Trustee;

"obligor" on the Notes means the Company and any successor obligor upon the Notes.

All other terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by Commission rule under the TIA have the meanings so assigned to them.

Section 1.4. Rules of Construction.

Unless the context otherwise requires:

(1) a term has the meaning assigned to it;

(2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP in the United States;

(3) "or" is not exclusive;

(4) words in the singular include the plural, and in the plural include the singular;

(5) provisions apply to successive events and transactions; and

(6) references to sections of or rules under the Securities Act, the Exchange Act and the TIA shall be deemed to include substitute, replacement and successor sections or rules adopted by the Commission from time to time.

Section 1.5. Acts of Holders.

(1) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by an agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of Holders signing or bound by such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 7.1) conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section.

(2) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him or her the execution thereof. Where such execution is by an officer of a corporation or a member of a partnership, on behalf of such corporation or partnership, such certificate or affidavit shall also constitute sufficient proof of his or her authority.

(3) The ownership of Notes shall be proved by the register maintained by the Registrar.

(4) Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Note shall bind every future Holder of the same Note and the holder of every Note issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done or suffered to be done by the Trustee or the Company in reliance thereon, whether or not notation of such action is made upon such Note.

(5) If the Company shall solicit from the Holders any request, demand, authorization, direction, notice, consent, waiver or other Act, the Company may, at its sole option, by or pursuant to a Board Resolution, fix in advance a record date for the determination of Holders entitled to give such request, demand, authorization, direction, notice, consent, waiver or other Act, but the Company shall have no obligation to do so. If such a record date is fixed, such request, demand, authorization, direction, notice, consent, waiver or other Act may be given before or after such record date, but only the Holders of record at the close of business on such record date shall be deemed to be Holders for the purposes of determining whether Holders of the requisite proportion of outstanding securities have authorized or agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other Act, and for that purpose the outstanding securities shall be computed as of such record date.

ARTICLE II.

THE NOTES

Section 2.1. Form and Dating.

The Series A Notes and the Trustee's certificate of authentication shall be substantially in the form of Exhibit A hereto. The Notes may have notations, legends or endorsements required by law, stock exchange rule or usage in addition to those set forth in Exhibit A hereto. The Series B Notes shall be substantially in the form of Exhibit B hereto. Each Note shall be dated the date of its authentication. The Notes shall be in minimum denominations of (euro)1,000 and integral multiples thereof.

The terms and provisions contained in the Notes and Guarantees shall constitute, and are hereby expressly made, a part of this Indenture and the Company, the Guarantors and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby.

Notes offered and sold in reliance on Rule 144A shall be issued initially in the form of a single permanent global Note in registered form, substantially in the form set forth in Exhibit A (the "Rule 144A Global Note"), deposited with the Common Depository, as custodian for the Depositary, and registered in the name of the Common Depository or its nominee, duly executed by the Company and authenticated by the Trustee as hereinafter provided. The aggregate principal amount of the Rule 144A Global Note may from time to time be increased or decreased by adjustments made on the records of the Common Depository, as custodian for the Depositary or its nominee, as hereinafter provided.

Notes offered and sold in offshore transactions in reliance on Regulation S shall be issued initially in the form of a single temporary global Note in registered form substantially in the form set forth in Exhibit A (the "Temporary Regulation S Global Note"), deposited with the Common Depository, as custodian for the Depositary, registered in the name of the Common Depository or its nominee for the accounts of Euroclear and Clearstream, duly executed by the Company and authenticated by the Trustee as hereinafter provided. At any time following 40 days after the later of the commencement of the offering of the Notes and the Issue Date, upon receipt by the Trustee and the Company of a duly executed certificate substantially in the form of Exhibit C(1) hereto, a single permanent Global Note in registered form substantially in the form set forth in Exhibit A (the "Permanent Regulation S Global Note," and together with the Temporary Regulation S Global Note, the "Regulation S Global Note") duly executed by the Company and authenticated by the Trustee, as hereinafter provided shall be deposited with the Common Depository, as custodian for the Depositary, and the Registrar shall reflect on its books and records the date and a decrease in the principal amount of the Regulation S Global Note in an amount equal to the principal amount of the beneficial interest in the Regulation S Global Note transferred.

Notes offered and sold to institutional accredited investors (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) ("Institutional Accredited Investors") shall be issued in the form of permanent U.S. Certificated Notes in registered form in substantially the form set forth in Exhibit A (the "U.S. Certificated Notes"). Securities issued pursuant to Section 2.6 in exchange for interests in the Rule 144A Global Note or the Regulation S Global Note shall be in the form of permanent Certificated Notes in registered form substantially in the form set forth in Exhibit A (the "Offshore Certificated Notes").

The Offshore Certificated Notes and U.S. Certificated Notes are sometimes collectively herein referred to as the "Certificated Notes." The Rule 144A Global Note and the Regulation S Global Note are sometimes referred to herein as the "Global Notes."

The provisions of the "Operating Procedures of the Euroclear System" and "Terms and Conditions Governing Use of Euroclear" and "General Terms and Conditions of Clearstream" and the "Customer Handbook" of Clearstream shall be applicable to interests in the Global Notes that are held through participants through Euroclear or Clearstream.

Section 2.2. Execution and Authentication.

Two Officers of the Company shall sign the Notes for the Company by manual or facsimile signature. The seal of the Company shall be reproduced on the Notes and may be in facsimile form.

If an Officer whose signature is on a Note no longer holds that office at the time a Note is authenticated, the Note shall nevertheless be valid.

A Note shall not be valid until authenticated by the manual signature of the Trustee. The signature shall be conclusive evidence that the Note has been authenticated under this Indenture.

The Trustee, upon a written order of the Company signed by two Officers of the Company, together with the other documents required by Sections 13.4 and 13.5 of this Indenture, shall authenticate (i) Series A Notes for original issue on the Issue Date in the aggregate principal amount not to exceed (euro)285,000,000 and (ii) subject to Section 4.9, Additional Notes which may be issued from time to time pursuant to Section 2.16. The Trustee, upon written order of the Company signed by two Officers of the Company, together with the other documents required by Sections 13.4 and 13.5, shall authenticate Series B Notes; provided that such Series B Notes shall be issuable only upon the valid surrender for cancellation of Series A Notes of a like aggregate principal amount in accordance with the Exchange Offer or an exchange offer specified in any registration rights agreement relating to the Additional Notes. Such written order of the Company shall specify the amount of Notes to be authenticated and the date on which the original issue of Notes is to be authenticated and, in the case of Additional Notes issued pursuant to Section 2.16, such written order shall certify that such issuance is not prohibited under Section 4.9 of this Indenture. Any Additional Notes shall be part of the same issue as the Notes being issued on the Issue Date and will vote on all matters as one class with the Notes being issued on the Issue Date, including, without limitation,

waivers, amendments, redemptions, Change of Control Offers and Net Proceeds Offers. For the purposes of this Indenture, except for Section 4.9, references to the Notes include Additional Notes, if any.

The Trustee may appoint an authenticating agent acceptable to the Company to authenticate Notes. An authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with the Company or an Affiliate of the Company.

Section 2.3. Registrar and Paying Agent.

The Company shall maintain an office or agency in the Borough of Manhattan, The City of New York, in London, England and, so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such stock exchange so require, in Luxembourg where (a) Notes may be presented for registration of transfer or for exchange ("Registrar") and (b) Notes may be presented for payment ("Paying Agent"). The Registrar shall keep a register of the Notes and of their transfer and exchange. At the option of the Company, payment of interest and Additional Interest may be made by check mailed to the Holders at their addresses set forth in the register of Holders, provided that payment by wire transfer of immediately available funds will be required with respect to principal, Redemption Price and Purchase Price of, and interest and Additional Interest (if any) on, all Global Notes and all other Notes the Holders of which shall have provided wire transfer instructions to the Trustee or the Paying Agent. The Company may appoint one or more co-registrars and one or more additional paying agents. The term "Registrar" includes any co-registrar and the term "Paying Agent" includes any additional paying agent. The Company may change any Paying Agent or Registrar without notice to any Holder. The Company shall notify the Trustee in writing of the name and address of any Paying Agent not a party to this Indenture. If the Company fails to appoint or maintain another entity as Registrar or Paying Agent, the Trustee shall act as such. The Company may act as Paying Agent or Registrar. The Depositary shall, by acceptance of a Global Note, agree that transfers of beneficial interests in such Global Note may be effected only through a book-entry system maintained by the Depositary (or its agent).

The Company initially appoints the Trustee as Registrar (acting as the Company's agent for this purpose) and Paying Agent in the Borough of Manhattan, The City of New York, the Trustee as Registrar and Paying Agent in London, England and so long as the Notes are listed on the Luxembourg Stock Exchange and so long as the rules of the Luxembourg Stock Exchange so require, the Company will maintain a Paying Agent and Transfer Agent in Luxembourg (the "Luxembourg Paying Agent"). The Company also appoints the Trustee to act as Common Depository with respect to the Global Notes and the Registrar as Transfer Agent in the event the Notes are issued in definitive registered form.

Section 2.4. Paying Agents to Hold Money in Trust.

The Company shall require each Paying Agent other than the Trustee to agree in writing that the Paying Agent will hold in trust for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of

principal and of any premium, if any, interest and Additional Interest, if any, on the Notes, and will notify the Trustee of any default by the Company in making any such payment. While any such default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee and account for all monies disbursed. Upon payment over to the Trustee, the Paying Agent (if other than the Company) shall have no further liability for the money. If the Company acts as Paying Agent, it shall segregate and hold in a separate trust fund for the benefit of the Holders all money held by it as Paying Agent. Upon any bankruptcy or reorganization proceedings relating to the Company, the Trustee shall serve as Paying Agent for the Notes.

Section 2.5. Holder Lists.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of all Holders and shall otherwise comply with TIA Section 312(a). If the Trustee is not the Registrar, the Company shall furnish (or cause the Registrar to furnish) to the Trustee at least five (5) Business Days before each interest payment date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of the Holders of Notes, and the Company shall otherwise comply with TIA Section 312(a).

Section 2.6. Transfer and Exchange.

(1) Transfer and Exchange Generally; Book Entry Provisions. Upon surrender for registration of transfer of any Note to the Registrar, and satisfaction of the requirements for such transfer set forth in this Section 2.6, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Notes of any authorized denominations and of a like aggregate principal amount and bearing such restrictive legends as may be required by this Indenture.

Notes may be exchanged for other Notes of any authorized denominations and of a like aggregate principal amount, upon surrender of the Notes to be exchanged at any such office or agency maintained by the Company pursuant to Section 4.2 of this Indenture. Whenever any Notes are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Notes which the Holder making the exchange is entitled to receive bearing registration numbers not contemporaneously outstanding.

All Notes presented or surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument or instruments of transfer in form satisfactory to the Company and the Registrar, and the Notes shall be duly executed by the Holder thereof or his attorney duly authorized in writing. Except as otherwise provided in this Indenture, and in addition to the requirements set forth in the legend referred to in Section 2.6(8)(a) below, in connection with any transfer of Transfer Restricted Securities any request for transfer shall be accompanied by a certification to the Trustee relating to the manner of such transfer substantially in the form of Exhibit D(2) hereto.

(2) Book-Entry Provisions for the Global Notes. The Rule 144A Global Note and Regulation S Global Note initially shall (i) be registered in the name of the Depositary or the nominee of such Depositary, (ii) be delivered to the Trustee as custodian for the Depositary and (iii) bear legends as set forth in Section 2.6(8) of this Indenture.

Members of, or participants in, the Depositary ("Agent Members") shall have no rights under this Indenture with respect to any Rule 144A Global Note or Regulation S Global Note, as the case may be, held on their behalf by the Depositary, or the Trustee as its custodian, or under the Rule 144A Global Note or Regulation S Global Note, as the case may be, and the Depositary may be treated by the Company, the Trustee and any agent of the Company or the Trustee as the absolute owner of Rule 144A Global Note or Regulation S Global Note, as the case may be, for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee or any agent of the Company or the Trustee, from giving effect to any written certification, proxy or other authorization furnished by the Depositary or impair, as between the Depositary and its Agent Members, the operation of customary practices governing the exercise of the rights of a Holder of any Note.

Transfers of the Rule 144A Global Note and the Regulation S Global Note shall be limited to transfers of such Rule 144A Global Note or Regulation S Global Note in whole, but not in part, to the Depositary, its successors or their respective nominees. Beneficial interests in the Rule 144A Global Note and the Regulation S Global Note may be transferred in accordance with the applicable rules and procedures of the Depositary and the provisions of this Section 2.6. The registration of transfer and exchange of beneficial interests in the Global Note, which does not involve the issuance of a Certificated Note, shall be effected through the Depositary, in accordance with this Indenture (including the restrictions on transfer set forth herein) and the procedures of the Common Depository therefor. The Trustee shall have no responsibility or liability for any act or omission of the Depositary.

At any time at the request of the beneficial holder of an interest in the Rule 144A Global Note or Permanent Regulation S Global Note to obtain a Certificated Note, such beneficial holder shall be entitled to obtain a Certificated Note upon written request to the Trustee and the Common Depository in accordance with the standing instructions and procedures existing between the Common Depository and Depositary for the issuance thereof. Upon receipt of any such request, the Common Depository will cause, in accordance with the standing instructions and procedures existing between the Depositary and Common Depository, the aggregate principal amount of the Rule 144A Global Note or Permanent Regulation S Global Note, as appropriate, to be reduced by the principal amount of the Certificated Note issued upon such request to such beneficial holder and, following such reduction, the Company will execute and the Trustee will authenticate and deliver to such beneficial holder (or its nominee) a Certificated Note or Certificated Notes in the appropriate aggregate principal amount in the name of such beneficial holder (or its nominee) and bearing such restrictive legends as may be required by this Indenture.

The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest

in any Note other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements of this Indenture.

(3) Transfers to Non-QIB Institutional Accredited Investors. The following provisions shall apply with respect to the registration of any proposed transfer of a Transfer Restricted Security to any Institutional Accredited Investor that is not a QIB (other than any Person that is not a U.S. Person as defined under Regulation S, a "Foreign Person"):

(a) The Registrar shall register the transfer of any Note, whether or not such Note bears the Private Placement Legend, if (x) (A) the requested transfer is at least two (2) years after the later of the Issue Date of the Notes and (B) the proposed transferee has certified to the Registrar that the requested transfer is at least two (2) years after the last date on which such Note was held by an Affiliate of the Company, or (y) the proposed transferee has delivered to the Registrar (A) a certificate substantially in the form of Exhibit D hereto and (B) such certifications, legal opinions and other information as the Trustee and the Company may reasonably request to confirm that such transaction is in compliance with the Securities Act; and

(b) If the proposed transferor is an Agent Member holding a beneficial interest in the Global Note, upon receipt by the Registrar of (x) the documents, if any, required by clause (i) and (y) instructions given in accordance with the Depositary's and the Registrar's procedures, the Registrar shall reflect on its books and records the date and a decrease in the principal amount of the Global Note in an amount equal to the principal amount of the beneficial interest in the Global Note to be transferred, and the Company shall execute, and the Trustee shall authenticate and deliver, one or more Certificated Notes of like tenor and amount.

(4) Transfers to QIBs. The following provisions shall apply with respect to the registration of any proposed transfer of a Transfer Restricted Security to a QIB (other than Foreign Persons):

(a) if the Note to be transferred consists of Certificated Notes or an interest in the Regulation S Global Note, the Registrar shall register the transfer if such transfer is being made by a proposed transferor who has checked the box provided for on a certificate substantially in the form of Exhibit C(2) stating, or has otherwise advised the Company and the Registrar in writing, that the sale has been made in compliance with the provisions of Rule 144A to a transferee who is a QIB within the meaning of Rule 144A and is aware that the sale to it is being made in reliance on Rule 144A; and

(b) if the proposed transferee is an Agent Member, and the Note to be transferred consists of Certificated Notes or an interest in the Regulation S Global Note, upon receipt by the Registrar of the documents referred to in Section 2.6(4)(a) and instructions given in accordance with

the Depositary's and the Registrar's procedures, the Registrar shall reflect on its books and records the date and an increase in the principal amount of the Rule 144A Global Note in an amount equal to the principal amount of the Certificated Notes or the interest in the Regulation S Global Note, as the case may be, to be transferred, and the Trustee shall cancel the Certificated Notes or decrease the amount of the Regulation S Global Note so transferred.

(5) Transfers of Interests in the Temporary Regulation S Global Note. The following provisions shall apply with respect to the registration of any proposed transfer of interests in the Temporary Regulation S Global Note:

(a) The Registrar shall register the transfer of an interest in the Temporary Regulation S Global Certificate if (x) the proposed transferor has delivered to the Registrar a certificate substantially in the form of Exhibit E hereto stating, among other things, that the proposed transferee is a Foreign Person or (y) the proposed transferee is a QIB and the proposed transferor has checked the box provided for on a certificate substantially in the form of Exhibit C(2) stating, or has otherwise advised the Company and the Registrar in writing, that the sale has been made in compliance with the provisions of Rule 144A to a transferee who is a QIB within the meaning of Rule 144A, and is aware that the sale to it is being made in reliance on Rule 144A; and

(b) if the proposed transferee is an Agent Member, upon receipt by the Registrar of the documents referred to in Section 2.6(5)(a)(y) and instructions given in accordance with the Depositary's and the Registrar's procedures, the Registrar shall reflect on its books and records the date and an increase in the principal amount of the Rule 144A Global Note in an amount equal to the principal amount of the Temporary Regulation S Global Note to be transferred, and the Common Depository, as custodian, shall decrease the amount of the Temporary Regulation S Global Note.

(6) Transfers to Foreign Persons. The following provisions shall apply with respect to any transfer of a Transfer Restricted Security to a Foreign Person:

(a) the Registrar shall register any proposed transfer of a Note to a Foreign Person upon receipt of a certificate substantially in the form of Exhibit E hereto from the proposed transferor and such certifications, legal opinions and other information as the Trustee or the Company may reasonably request; and

(b) (i) If the proposed transferor is an Agent Member holding a beneficial interest in the Rule 144A Global Note or the Note to be transferred consists of Certificated Notes, upon receipt by the Registrar of (x) the documents, if any, required by Section 2.6(6)(a) and (y) instructions in accordance with the Depositary's and the Registrar's procedures, the Registrar shall reflect on its books and records the date and a decrease in the principal amount of the Rule 144A Global Note in an amount equal to the principal amount of the beneficial interest in the Rule 144A Global Note or cancel the Certificated Notes, as the case may be, to be transferred, and (ii) if the proposed transferee is an Agent

Member, upon receipt by the Registrar of instructions given in accordance with the Depositary's and the Registrar's procedures, the Registrar shall reflect on its books and records the date and an increase in the principal amount of the Regulation S Global Note in an amount equal to the principal amount of the Certificated Notes to be transferred, and the Trustee shall decrease the amount of the Rule 144A Global Note.

(7) The Depositary. The Depositary shall be a clearing agency registered under the Exchange Act. The Company initially appoints Euroclear and Clearstream to act as Depositary with respect to the Global Note. Initially, the Rule 144A Global Note and the Regulation S Global Note shall be issued to the Common Depository, registered in the name of The Bank of New York Depository (Nominees) Limited, as the nominee of the Common Depository, and deposited with the Common Depository.

Notes in Certificated form issued in exchange for all or a part of a Global Note pursuant to this Section 2.6 shall be registered in such names and in such authorized denominations as the Depositary, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee. Upon execution and authentication, the Trustee shall deliver such Certificated Notes in Certificated form to the persons in whose names such Notes in Certificated form are so registered.

Beneficial owners shall be entitled to receive Certificated Notes in exchange for their beneficial interests in the Rule 144A Global Note or the Permanent Regulation S Global Note, as the case may be, if at any time:

(a) Euroclear or Clearstream notifies the Company that Euroclear or Clearstream, as the case may be, is unwilling or unable to continue as a clearing agency;

(b) the Common Depository notifies the Company that the Common Depository is unwilling or unable to continue as Common Depository and a successor Common Depository is not appointed within 120 days of such notice; or

(c) in the case of any Note, an Event of Default has occurred and is continuing with respect to such Note,

and the Company shall execute, and the Trustee shall, upon receipt of an authentication order in accordance with Section 2.2 of this Indenture, authenticate and deliver Certificated Notes in an aggregate principal amount equal to the principal amount of the Rule 144A Global Note or the Permanent Regulation S Global Note, as the case may be, in exchange for such Global Notes.

(8) Legends.

(a) Except as permitted by Sections 2.6(8)(b) and (c), each Note certificate evidencing Global Notes and Certificated Notes (and all Notes issued in exchange therefor or substitution thereof) shall (x) be subject to the restrictions on transfer set forth in this Section 2.6 (including those set forth in the legend below) unless such restrictions on transfer shall be waived by written consent of the Company, and the holder of each

Transfer Restricted Security, by such Holder's acceptance thereof, agrees to be bound by all such restrictions on transfer and (y) bear the legend set forth below (the "Private Placement Legend"):

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH BELOW. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT), (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT OR (C) IT IS AN ACCREDITED INVESTOR (AS DEFINED IN RULE 501(a)(1), (2), (3), OR (7) UNDER THE SECURITIES ACT (AN "ACCREDITED INVESTOR"), (2) AGREES THAT IT WILL NOT WITHIN TWO YEARS AFTER THE ORIGINAL ISSUANCE OF THIS SECURITY RESELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT (A) TO KRONOS INTERNATIONAL, INC. OR ANY SUBSIDIARY THEREOF, (B) INSIDE THE UNITED STATES TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) INSIDE THE UNITED STATES TO AN ACCREDITED INVESTOR THAT, PRIOR TO SUCH TRANSFER, FURNISHES (OR HAS FURNISHED ON ITS BEHALF BY A U.S. BROKER-DEALER) TO THE TRUSTEE A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THIS SECURITY (THE FORM OF WHICH LETTER CAN BE OBTAINED FROM THE TRUSTEE FOR THIS SECURITY), (D) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT (IF AVAILABLE), (E) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), (F) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL IF KRONOS INTERNATIONAL, INC. SO REQUESTS), OR (G) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND IN ADVANCE OF SUCH TRANSFER. IN CONNECTION WITH ANY TRANSFER OF THIS SECURITY WITHIN TWO YEARS AFTER THE ORIGINAL ISSUANCE OF THIS SECURITY, IF THE PROPOSED TRANSFEREE IS AN ACCREDITED INVESTOR, THE HOLDER MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE TRUSTEE AND KRONOS INTERNATIONAL, INC. SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS EITHER OF THEM MAY REASONABLY REQUIRE TO

CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANING GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

(b) Upon any sale or transfer of a Transfer Restricted Security (including any Transfer Restricted Security represented by a Global Note) pursuant to Rule 144 under the Securities Act or pursuant to an effective registration statement under the Securities Act:

(i) in the case of any Transfer Restricted Security that is a Certificated Note, the Registrar shall permit the Holder thereof to exchange such Transfer Restricted Security for a Certificated Note that does not bear the legend set forth in Section 2.6(8)(a) and rescind any restriction on the transfer of such Transfer Restricted Security; and

(ii) in the case of any Transfer Restricted Security represented by a Global Note, such Transfer Restricted Security shall not be required to bear the legend set forth in Section 2.6(8)(a), but shall continue to be subject to the provisions of Section 2.6(2); provided, however, that with respect to any request for an exchange of a Transfer Restricted Security that is represented by a Global Note for a Certificated Note that does not bear the legend set forth in (i) above, which request is made in reliance upon Rule 144, the Holder thereof shall certify in writing to the Registrar that such request is being made pursuant to Rule 144 (such certifications to be substantially in the form of Exhibit C(2) hereto).

(c) Notwithstanding the foregoing, upon consummation of the Exchange Offer, the Company shall issue and, upon receipt of an authentication order in accordance with Section 2.2 of this Indenture, the Trustee shall authenticate Series B Notes in exchange for Series A Notes accepted for exchange in the Exchange Offer, which Series B Notes shall not bear the legend set forth in (a) above, and the Registrar shall rescind any restriction on the transfer of such Series A Notes, in each case unless the Company has notified the Registrar in writing that the Holder of such Series A Notes is either (i) a broker-dealer, (ii) a Person participating in the distribution of the Series A Notes or (iii) a Person who is an affiliate (as defined in Rule 144A) of the Company.

(d) Each Global Note, whether or not a Transfer Restricted Security, shall also bear the following legend on the face thereof:

THIS NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE OF A DEPOSITARY OR A SUCCESSOR DEPOSITARY. THIS NOTE IS NOT EXCHANGEABLE FOR

NOTES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE, AND NO TRANSFER OF THIS SECURITY (OTHER THAN A TRANSFER OF THIS SECURITY AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY) MAY BE REGISTERED EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

THIS GLOBAL NOTE IS HELD BY THE COMMON DEPOSITORY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTIONS 2.1, 2.6, 2.7, 3.3, 4.10 AND 4.15 OF THE INDENTURE, (II) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.6 OF THE INDENTURE, (III) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE AND (IV) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITORY WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY.

(e) Any Global Note may be endorsed with or have incorporated in the text thereof such legends or recitals or changes not inconsistent with the provisions of this Indenture as may be required by the Common Depository or the Depositary in order for the Notes to be tradable on Euroclear or Clearstream or as may be required for the Notes to be tradable on any other market developed for trading of securities pursuant to Rule 144A or Regulation S under the Securities Act or required to comply with any applicable law or any regulation thereunder or with the rules and regulations of any securities exchange or automated quotation system upon which the Notes may be listed or traded or to conform with any usage with respect thereto, or to indicate any special limitations or restrictions to which any particular Notes are subject.

(9) Cancellation and/or Adjustment of Global Notes. At such time as all beneficial interests in Global Notes have been exchanged for Certificated Notes, redeemed, purchased or canceled, all Global Notes shall be returned to or retained and canceled by the Trustee in accordance with Section 2.11 of this Indenture. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for Certificated Notes, redeemed, purchased or canceled, the principal amount of Notes represented by such Global Notes shall be reduced accordingly and an endorsement shall be made on such Global Note by the Trustee or the Common Depository, at the direction of the Trustee, to reflect such reduction. In the event of any transfer of any beneficial interest between the Rule 144A Global Note and the Regulation S Global Note in accordance with the standing procedures and instructions between the Depositary and the Common Depository and the transfer restrictions set forth herein, the aggregate

principal amount of each of the Rule 144A Global Note and the Regulation S Global Note shall be appropriately increased or decreased, as the case may be, and an endorsement shall be made on each of the Rule 144A Global Note and the Regulation S Global Note by the Trustee or the Common Depository, at the direction of the Trustee, to reflect such reduction or increase.

(10) General Provisions Relating to Transfers and Exchanges.

(a) To permit registrations of transfers and exchanges, the Company shall execute and the Trustee shall authenticate Certificated Notes and Global Notes at the Registrar's request.

(b) No service charge shall be made to a Holder for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Sections 3.6 and 9.5 of this Indenture).

(c) The Registrar shall not be required to register the transfer of or exchange any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part.

(d) All Certificated Notes and Global Notes issued upon any registration of transfer or exchange of Certificated Notes or Global Notes shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Certificated Notes or Global Notes surrendered upon such registration of transfer or exchange.

(e) The Company shall not be required:

(i) to issue, to register the transfer of or to exchange Notes during a period beginning at the opening of business 15 days before the day of any selection of Notes for redemption or purchase under Section 3.2 of this Indenture and ending at the close of business on the day of selection; or

(ii) to register the transfer of or to exchange any Note so selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part; or

(iii) to register the transfer of or to exchange a Note between a record date and the next succeeding interest payment date.

(f) Prior to due presentment of the registration of a transfer of any Note, the Trustee, any Agent and the Company may deem and treat the Person in whose name any Note is registered as the absolute owner of such Note for the purpose of all payments with respect to such Notes, and neither the Trustee, any Agent nor the Company shall be affected by notice to the contrary.

(g) The Trustee shall authenticate Certificated Notes and Global Notes in accordance with the provisions of Section 2.2 of this Indenture.

Section 2.7. Replacement Notes.

If any mutilated Note is surrendered to the Trustee or either the Company or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Note, the Company shall issue and the Trustee, upon receipt of an authentication order in accordance with Section 2.2 of this Indenture, shall authenticate a replacement Note if the Trustee's requirements for replacement of Notes are met. If required by the Trustee or the Company, an indemnity bond must be supplied by the Holder that is sufficient in the judgment of the Trustee and the Company to protect the Company, the Trustee, any Agent and any authenticating agent from any loss that any of them may suffer if a Note is replaced. The Trustee and the Company may charge the Holder for their expenses in replacing a Note.

Every replacement Note is an additional obligation of the Company and shall be entitled to all of the benefits of this Indenture equally and proportionately with all other Notes duly issued hereunder.

Section 2.8. Outstanding Notes.

The Notes outstanding at any time are all the Notes authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation, those reductions in the interest in a Global Note effected by the Trustee or the Common Depository in accordance with the provisions hereof, and those described in this Section 2.8 as not outstanding. Except as set forth in Section 2.9 of this Indenture, a Note does not cease to be outstanding because the Company or an Affiliate of the Company holds the Note.

If a Note is replaced pursuant to Section 2.7 of this Indenture, it shall cease to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Note is held by a bona fide purchaser for value.

If the principal amount of any Note is considered paid under Section 4.1 of this Indenture, it ceases to be outstanding and interest on it ceases to accrue.

If the Paying Agent (other than the Company, a Subsidiary or an Affiliate of any thereof) holds, on a redemption date or maturity date, money sufficient to pay Notes payable on that date, then on and after that date such Notes shall be deemed to be no longer outstanding and shall cease to accrue interest.

If Notes, or portions thereof, for whose payment or redemption money or Government Obligations in the necessary amount, including accrued interest to the Redemption Date, has been theretofore deposited with the Trustee or any Paying Agent (other than the Company) in trust for the Holders of such Notes;

provided, that if such Notes are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made, such Notes shall be deemed to be no longer outstanding under this Indenture.

Section 2.9. Treasury Notes.

In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by the Company, the Guarantors or by any Affiliate thereof shall be considered as though not outstanding, except that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, waiver of consent, only Notes that a Responsible Officer of the Trustee knows are so owned shall be so disregarded. The Company agrees to notify the Trustee of the existence of any such treasury Notes or Notes owned by the Company or any Guarantor or any such Notes of which the Company is aware owned by any other Affiliate thereof.

Section 2.10. Temporary Notes.

Until Certificated Notes are ready for delivery, the Company may prepare and the Trustee, upon receipt of an authentication order in accordance with Section 2.2 of this Indenture, shall authenticate temporary Notes. Temporary Notes shall be substantially in the form of Certificated Notes, but may have such variations as the Company considers appropriate for temporary Notes and as shall be reasonably acceptable to the Trustee. Without unreasonable delay, the Company shall prepare and the Trustee shall authenticate Certificated Notes in exchange for temporary Notes.

Holders of temporary Notes shall be entitled to all of the benefits of this Indenture.

Section 2.11. Cancellation.

The Company at any time may deliver Notes to the Trustee for cancellation. The Registrar and Paying Agent shall forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee and no one else shall cancel all Notes surrendered for registration of transfer, exchange, payment, replacement or cancellation and shall destroy all canceled Notes in accordance with the Trustee's usual procedures. The Trustee shall dispose of such Notes as it may reasonably determine. The Company may not issue new Notes to replace Notes that have been paid or that have been delivered to the Trustee for cancellation.

Section 2.12. Defaulted Interest.

If the Company defaults in a payment of interest on the Notes, the Company shall pay the defaulted interest in any lawful manner plus, to the extent lawful, interest payable on the defaulted interest, to the Persons who are Holders on a subsequent special record date, in each case at the rate provided in the Notes and in Section 4.1 of this Indenture. The Company shall notify the Trustee in writing of the amount of defaulted interest proposed to be paid on each Note and the date of the proposed payment. The Company shall fix or cause to be fixed each such special record date and payment date, provided that no such special record date shall be less than 10 days prior to the related payment date for such defaulted interest. At least 15 days before the special

record date, the Company (or, upon the written request of the Company, the Trustee in the name and at the expense of the Company) shall mail or cause to be mailed to Holders a notice that states the special record date, the related payment date and the amount of such interest to be paid.

Section 2.13. Persons Deemed Owners.

Prior to due presentment of a Note for registration of transfer and subject to Section 2.12 of this Indenture, the Company, the Trustee, any Paying Agent, any co-registrar and any Registrar may deem and treat the person in whose name any Note shall be registered upon the register of Notes kept by the Registrar as the absolute owner of such Note (whether or not such Note shall be overdue and notwithstanding any notation of the ownership or other writing thereon made by anyone other than the Company, any co-registrar or any Registrar) for the purpose of receiving all payments with respect to such Note and for all other purposes, and none of the Company, the Trustee, any Paying Agent, any co-registrar or any Registrar shall be affected by any notice to the contrary.

Section 2.14. "CUSIP", "ISIN" and "Common Code" Numbers.

The Company in issuing the Notes shall use "CUSIP", "ISIN" and "Common Code" number(s) and the Trustee shall use the "CUSIP", "ISIN" and "Common Code" number(s) in notices of redemption or exchange as a convenience to Holders; provided that neither the Company nor the Trustee shall have any responsibility for any defect in the "CUSIP", "ISIN" or "Common Code" number that appears on any Note, check, advice or payment or redemption notice, and any such notice may state that no representation is made as to the correctness or accuracy of the "CUSIP", "ISIN" and "Common Code" number(s) printed in the notice or on the Notes, and that reliance may be placed only on the other identification numbers printed on the Notes and any such redemption or exchange shall not be affected by any defect in or omission of such number(s). The Company shall promptly notify the Trustee of any changes in "CUSIP", "ISIN" or "Common Code" numbers.

Section 2.15. Designation.

The Indebtedness evidenced by the Notes and the Guarantees is hereby irrevocably designated as "senior indebtedness" or such other term denoting seniority for the purposes of any future Indebtedness of the Company or a Guarantor which the Company or a Guarantor makes subordinate to any senior indebtedness or such other term denoting seniority.

Section 2.16. Issuance of Additional Notes.

The Company shall be entitled to issue Additional Notes under this Indenture which shall have substantially identical terms as the Series A Notes, other than with respect to the date of issuance, issue price, amount of interest payable on the first payment date applicable thereto (and, if such Additional Notes shall be issued pursuant to a registration statement under the Securities Act, other than with respect to transfer restrictions or if such Additional Notes shall be required to be registered under the Securities Act pursuant to the terms of a registration rights or similar agreement, such Additional Notes shall be exchangeable for and the Company shall issue and the Trustee shall authenticate Notes substantially in the form of Exhibit B hereto, but without a

Private Placement Legend, to be delivered in exchange for such Additional Notes); provided that any issuance is not prohibited by Section 4.9.

With respect to any Additional Notes, the Company shall set forth in a resolution of its Board of Directors (or a duly appointed committee thereof) and in an Officers' Certificate, a copy of each of which shall be delivered to the Trustee, the following information:

(1) the aggregate principal amount of such Additional Notes to be authenticated and delivered pursuant to this Indenture;

(2) the issue price and the issue date of such Additional Notes, the amount of interest payable on the first payment date applicable thereto and the CUSIP, ISIN or Common Code for such Additional Notes; provided that no Additional Notes may be issued at a price that would cause such Additional Notes to have "original issue discount" within the meaning of Section 1273 of the Internal Revenue Code of 1986, as amended; and

(3) whether such Additional Notes shall be Transfer Restricted Securities and issued in the form of Series A Notes as set forth in Exhibit A hereto, or shall be registered securities.

ARTICLE III.

REDEMPTION AND PURCHASE

Section 3.1. Notices to Trustee.

If the Company elects to redeem Notes pursuant to the provisions of Section 3.7, 3.8 or 3.9 of this Indenture, it shall furnish to the Trustee, at least 45 days but not more than 60 days before the Redemption Date, an Officers' Certificate setting forth the Section of this Indenture pursuant to which the redemption shall occur, the Redemption Date, the principal amount of Notes to be redeemed and the Redemption Price.

If the Company is required to offer to purchase Notes pursuant to the provisions of Section 4.10 or 4.15 of this Indenture, it shall notify the Trustee in writing, at least 30 days but not more than 60 days before the Purchase Date, of the Section of this Indenture pursuant to which the purchase shall occur, the Purchase Date, the principal amount of Notes required to be purchased and the Purchase Price and shall furnish to the Trustee an Officers' Certificate to the effect that (a) the Company is required to make or has made a Net Proceeds Offer or a Change of Control Offer, as the case may be, and (b) the conditions set forth in Section 4.10 or 4.15 of this Indenture, as the case may be, have been satisfied.

If the Registrar is not the Trustee, the Company shall, concurrently with each notice of redemption or purchase, cause the Registrar to deliver to the Trustee a certificate (upon which the Trustee may rely) setting forth the principal amounts of Notes held by each Holder.

Section 3.2. Selection of Notes.

Except as set forth below, if less than all of the Notes are to be redeemed or purchased other than pursuant to Section 3.7 or 3.8, the Trustee shall select the Notes or portions thereof to be redeemed or purchased in compliance with the requirements of the principal national securities exchange, if any, on which the Notes are listed or, if the Notes are not then listed on a national securities exchange, on a pro rata basis, by lot or by such method as the Trustee shall deem fair and appropriate. In the event of partial redemption or purchase by lot, the particular Notes or portions thereof to be redeemed or purchased shall be selected, unless otherwise provided herein, not less than 30 nor more than 60 days prior to the Redemption Date or Purchase Date by the Trustee from the outstanding Notes not previously called for redemption or purchase.

If less than all of the Notes tendered are to be purchased pursuant to the provisions of Section 4.10 of this Indenture, the Trustee shall select the Notes or portions thereof to be purchased in compliance with Section 4.10. In the event of partial purchase by lot, the particular Notes or portions thereof to be purchased shall be selected at the close of business of the last Business Day prior to the Purchase Date. If less than all of the Notes tendered are to be redeemed pursuant to the provisions of Section 3.7 or 3.8 of this Indenture, the Trustee shall select the Notes only on a pro rata basis or on as nearly a pro rata basis as is practicable (subject to Euroclear and Clearstream procedures), unless such method is otherwise prohibited.

The Trustee shall promptly notify the Company in writing of the Notes or portions thereof selected for redemption or purchase and, in the case of any Note selected for partial redemption or purchase, the principal amount thereof to be redeemed or purchased. Notes and portions thereof selected shall be in amounts of (euro)1,000 or integral multiples of (euro)1,000; except that if all of the Notes of a Holder are to be redeemed or purchased, the entire outstanding amount of Notes held by such Holder, even if not a multiple of (euro)1,000, shall be redeemed. No Notes of a principal amount of (euro)1,000 or less shall be redeemed or purchased in part.

Section 3.3. Notice of Redemption or Purchase.

(1) In the event Notes are to be redeemed or purchased pursuant to Section 3.7, 3.8 or 3.9 of this Indenture, at least 30 days but not more than 60 days before the Redemption Date or Purchase Date, as the case may be, the Company shall mail a notice of redemption or purchase to each Holder whose Notes are to be redeemed or purchased in whole or in part, with a copy to the Trustee. So long as the Series B Notes are listed on the Luxembourg Stock Exchange and it is required by the rules of the Luxembourg Stock Exchange, publication of such notice to the holders of the Notes shall be made in English in a leading newspaper having general circulation in Luxembourg (which is expected to be the Luxemburger Wort) or, if such publication is not practicable, in one other leading English language daily newspaper with general circulation in Europe, such newspaper being published on each business day in morning editions, whether or not it shall be published on Saturday, Sunday or holiday editions.

(2) The notice shall identify the Notes or portions thereof to be redeemed or purchased and shall state:

(a) the Redemption Date or Purchase Date, as the case may be;

(b) the Redemption Price or Purchase Price, as the case may be;

(c) if any Note is being redeemed or purchased in part, the portion of the principal amount of such Note to be redeemed or purchased and that, after the Redemption Date or Purchase Date. as the case may be, upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed or unpurchased portion will be issued;

(d) the name and address of the Paying Agent;

(e) that Notes called for redemption or purchase must be surrendered to the Paying Agent to collect the Redemption Price or Purchase Price, as the case may be, Additional Interest, if any, and, unless the Redemption Date or Purchase Date, as the case may be, is after a record date and on or before the succeeding interest payment date, accrued interest thereon to the Redemption Date or Purchase Date, as the case may be;

(f) that, unless the Company defaults in making the redemption or purchase payment, interest and any Additional Interest on Notes called for redemption or purchase will cease to accrue on and after the Redemption Date or Purchase Date, as the case may be, and the only remaining right of the Holders of such Notes is to receive payment of the Redemption Price or Purchase Price, as the case may be, any Additional Interest and, unless the Redemption Date or Purchase Date, as the case may be, is after a record date and on or before the succeeding interest payment date, accrued interest thereon to the Redemption Date or Purchase Date, as the case may be, upon surrender to the Paying Agent of the Notes redeemed or purchased;

(g) if fewer than all the Notes are to be redeemed or purchased, the identification of the particular Notes (or portions thereof) to be redeemed or purchased, as well as the aggregate principal amount of the Notes to be redeemed or purchased and the aggregate principal amount of Notes to be outstanding after such partial redemption or purchase;

(h) the paragraph of the Notes pursuant to which the Notes called for redemption or purchase are being redeemed or purchased; and

(i) "Cusip," "ISIN," "Common Code" or other identifying number.

(3) At the Company's request, the Trustee shall give the notice of redemption or purchase in the Company's name and at its expense; provided that the Company shall deliver to the Trustee, at least 40 days prior to the Redemption Date or Purchase Date, as the case may be, an Officers' Certificate requesting that the Trustee give such notice and setting forth the information to be stated in such notice as provided in Section 3.3(2).

Section 3.4. Effect of Notice of Redemption or Purchase.

Once notice of redemption or purchase is mailed, Notes or portions thereof called for redemption or purchase become due and payable on the Redemption Date or Purchase Date, as the case may be, at the Redemption Price or Purchase Price, as the case may be. Upon surrender to any Paying Agent, such Notes or portions thereof shall be paid at the Redemption Price or Purchase Price, as the case may be, plus Additional Interest, if any, and accrued and unpaid interest to the Redemption Date or Purchase Date, as the case may be; provided, however, that installments of interest which are due and payable on or prior to the Redemption Date or Purchase Date, as the case may be, shall be payable to the Holders of such Notes, registered as such, at the close of business on the relevant record date for the payment of such installment of interest.

Section 3.5. Deposit of Redemption Price or Purchase Price.

(1) On or before each Redemption Date or Purchase Date, as the case may be, the Company shall irrevocably deposit with the Trustee or with the Paying Agent money sufficient to pay the aggregate amount due on all Notes to be redeemed or purchased on that date, including without limitation any accrued and unpaid interest and Additional Interest, if any, to the Redemption Date or Purchase Date, as the case may be. The Trustee or the Paying Agent shall promptly return to the Company any money not required for that purpose upon the Company's request.

(2) Unless the Company defaults in making such payment, interest and any Additional Interest on the Notes to be redeemed or purchased will cease to accrue on the applicable Redemption Date or Purchase Date, as the case may be, whether or not such Notes are presented for payment. If any Note called for redemption or purchase shall not be so paid upon surrender because of the failure of the Company to comply with Section 3.5(1), interest will be paid on the unpaid principal, from the applicable Redemption Date or Purchase Date, as the case may be, until such principal is paid, and on any interest not paid on such unpaid principal, in each case at the rate provided in the Notes and in Section 4.1 of this Indenture.

Section 3.6. Notes Redeemed or Purchased in Part.

Upon surrender of a Note that is redeemed or purchased in part, the Company shall issue and the Trustee shall authenticate for the Holder at the expense of the Company a new Note equal in principal amount to portion of the Note surrendered that is not to be redeemed or purchased.

Section 3.7. Optional Redemption.

Except as set forth below, the Notes are not redeemable before December 30, 2005. The Company may redeem any or all of the Notes at any time on or after December 30, 2005 at the Redemption Prices set forth in the Notes. In addition, the Company must pay accrued and unpaid interest (including Additional Interest, if any) on the Notes redeemed. Any redemption pursuant to this Section 3.7 shall be made pursuant to the provisions of Sections 3.1 through 3.6 of this Indenture.

Section 3.8. Special Redemption.

At any time, or from time to time, on or before June 30, 2005, the Company, at its option, may use the net cash proceeds from one or more Public Equity Offerings to redeem up to 35% of the principal amount of the Notes (including the original principal amount of any Additional Notes) (a "Special Redemption") at a Redemption Price of 108.875% of the principal amount thereof, together with accrued and unpaid interest and Additional Interest, if any, to the date of redemption, provided, however, that at least 65% of the principal amount of the Notes (including the original principal amount of any Additional Notes) issued will remain outstanding immediately after any such Special Redemption; and provided, further, that such Special Redemption shall occur within 90 days after the date of the closing of the applicable Public Equity Offering. Any redemption pursuant to this Section 3.8 shall be made pursuant to the provisions of Sections 3.1 through 3.6 of this Indenture.

Section 3.9. Redemption or Purchase upon Change of Control at the Option of the Company.

At any time on or prior to December 30, 2005, the Notes may also be redeemed or purchased (by the Company or any other Person) in whole but not in part, at the Company's option, upon the occurrence of a Change of Control, at a price equal to 100% of the principal amount thereof plus the Applicable Premium as of, and accrued but unpaid interest, if any, to, the Redemption Date or Purchase Date, as the case may be (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Such redemption or purchase may be made upon notice mailed by first-class mail to each Holder's registered address, not less than 30 nor more than 60 days prior to the Redemption Date or Purchase Date, as the case may be (but in no event shall such notice be mailed more than 180 days after the occurrence of such Change of Control). The Company may provide in such notice that payment of such price and performance of the Company's obligations with respect to such redemption or purchase may be performed by another Person. Any such notice may be given prior to the occurrence of the related Change of Control, and any such redemption, purchase or notice may, at the Company's discretion, be subject to the satisfaction of one or more conditions precedent, including but not limited to the occurrence of the related Change of Control. Any redemption or purchase pursuant to this Section 3.9 shall be made pursuant to the provisions of Sections 3.1 through 3.6 of this Indenture.

Section 3.10. Purchase upon Change of Control Offer.

(1) In the event that, pursuant to Section 4.15 of this Indenture, the Company shall be required to commence a Change of Control Offer, it shall follow the procedures specified below.

(2) The Change of Control Offer shall remain open for a period from the date of the mailing of the notice of the Change of Control Offer described in Section 3.10(3) until a date determined by the Company which is at least 30 but no more than 45 days from the date of mailing of such notice and no longer, except to the extent that a longer period is required by applicable law (the "Change of Control Payment Date"). On the Change of Control Payment Date,

the Company shall purchase the principal amount of Notes properly tendered in response to the Change of Control Offer. Payment for any Notes so purchased shall be made in the same manner as interest payments are made.

(3) Within 60 days following any Change of Control, the Company shall send, by first class mail, a notice to each of the Holders with a copy to the Trustee. The notice shall contain all instructions and materials reasonably necessary to enable such Holders to tender Notes pursuant to the Change of Control Offer. The Change of Control Offer shall be made to all Holders. The notice, which shall govern the terms of the Change of Control Offer, shall state:

(a) the transaction or transactions that constitute the Change of Control, providing information, to the extent publicly available, regarding the Person or Persons acquiring control, and stating that the Change of Control Offer is being made pursuant to this Section 3.10 and Section 4.15 of this Indenture and that, to the extent lawful, all Notes tendered will be accepted for payment;

(b) the Purchase Price and the Change of Control Payment Date;

(c) that any Note not properly tendered or otherwise not accepted for purchase will continue to accrue interest and Additional Interest, if any;

(d) that, unless the Company defaults in the payment of the amount due on the Change of Control Payment Date, all Notes or portions thereof accepted for purchase pursuant to the Change of Control Offer shall cease to accrue interest and Additional Interest, if any, after the Change of Control Payment Date;

(e) that Holders electing to have any Notes purchased pursuant to the Change of Control Offer will be required to tender the Notes, with the form entitled Option of Holder To Elect Purchase on the reverse of the Notes completed, or transfer by book-entry transfer, to the Company, a Depositary, if appointed by the Company, or a Paying Agent at the address specified in the notice not later than the third Business Day preceding the Change of Control Payment Date;

(f) that Holders will be entitled to withdraw their election if the Company, the Depositary or the Paying Agent, as the case may be, receives, not later than the close of business on the Change of Control Payment Date, a telegram, facsimile transmission or letter setting forth the name of the Holder, the principal amount of Notes delivered for purchase, and a statement that such Holder is withdrawing his election to have the Notes purchased in whole or in part; and

(g) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the portion of the Notes tendered (or transferred by book entry transfer) that is not to be purchased, which portion must be equal to (euro)1,000 in principal amount or an integral multiple thereof.

(4)...On or before the Change of Control Payment Date, the Company shall to the extent lawful, (i) accept for payment all Notes or portions thereof properly tendered pursuant to the Change of Control Offer, (ii) deposit with the Paying Agent an amount equal to the Purchase Price, together with accrued and unpaid interest and Additional Interest, if any, thereon to the Change of Control Payment Date in respect of all Notes or portions thereof so tendered and accepted for purchase and (iii) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Company. The Paying Agent shall promptly (but in any case not later than five days after the Change of Control Payment Date) mail to each Holder of Notes so purchased the amount due in connection with such Notes, and the Company shall promptly issue a new Note, and the Trustee, upon written request from the Company in the form of an Officers' Certificate, shall authenticate and mail or deliver (or cause to transfer by book entry) to each relevant Holder a new Note, in a principal amount equal to any unpurchased portion of the Notes surrendered to the Holder thereof; provided that each such new Note shall be in a principal amount of (euro)1,000 or an integral multiple thereof. The Company shall publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

If the Change of Control Payment Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest and Additional Interest, if any, in each case to the Change of Control Payment Date, shall be paid to the Person in whose name a Note is registered at the close of business on such record date, and no additional interest shall be payable to Holders pursuant to the Change of Control Offer.

Section 3.11. Purchase upon Application of Excess Proceeds.

In the event that, pursuant to Section 4.10 of this Indenture, the Company shall be required to commence a Net Proceeds Offer, it shall follow the procedures specified below.

The notice shall contain all instructions and materials reasonably necessary to enable such Holders to tender Notes pursuant to the Net Proceeds Offer. The Net Proceeds Offer shall be made to all Holders. Each Net Proceeds Offer will be mailed to the record Holders as shown on the register of Holders within 25 days following the Net Proceeds Offer Trigger Date, with a copy to the Trustee, and shall comply with the procedures set forth in this Indenture. Upon receiving notice of the Net Proceeds Offer, Holders may elect to tender their Notes in whole or in part in integral multiples of (euro)1,000 in exchange for cash. A Net Proceeds Offer shall remain open for a period of 20 Business Days or such longer period as may be required by law. The notice, which shall govern the terms of the Net Proceeds Offer, shall state:

(1) that the Net Proceeds Offer is being made pursuant to this Section 3.11 and Section 4.10 of this Indenture;

(2) the Net Proceeds Offer Amount, the Purchase Price and the Purchase Date;

(3) that any Note not properly tendered or otherwise not accepted for purchase shall continue to accrue interest and Additional Interest, if any;

(4) that, unless the Company defaults in the payment of the amount due on the Purchase Date, all Notes or portions thereof accepted for purchase pursuant to the Net Proceeds Offer shall cease to accrue interest and Additional Interest, if any, after the Purchase Date;

(5) that Holders electing to have any Notes purchased pursuant to any Net Proceeds Offer shall be required to tender the Notes, with the form entitled Option of Holder To Elect Purchase on the reverse of the Notes completed, or transfer by book-entry transfer, to the Company, a Depositary, if appointed by the Company, or a Paying Agent at the address specified in the notice prior to the close of business on the third Business Day preceding the Purchase Date;

(6) that Holders will be entitled to withdraw their election if the Company, the Depositary or the Paying Agent, as the case may be, receives, not later than the Purchase Date, a telegram, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Notes delivered for purchase and a statement that such Holder is withdrawing his election to have such Notes purchased in whole or in part; and

(7) that, to the extent Holders properly tender Notes in an amount exceeding the Net Proceeds Offer Amount, the tendered Notes will be purchased on a pro rata basis based on the aggregate amounts of Notes tendered (and the Trustee shall select the tendered Notes of tendering Holders on a pro rata basis based on the amount of Notes tendered).

On or before the Purchase Date, the Company shall to the extent lawful, (i) accept for payment, on a pro rata basis in accordance with this Indenture to the extent necessary, the Net Proceeds Offer Amount of Notes or portions thereof properly tendered pursuant to the Net Proceeds Offer, or if less than the Net Proceeds Offer Amount has been tendered, all Notes properly tendered, (ii) deposit with the Paying Agent an amount equal to the Purchase Price, plus accrued and unpaid interest and Additional Interest, if any, thereon to the Purchase Date in respect of all Notes or portions thereof so tendered and accepted for purchase and (iii) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Company. The Paying Agent shall promptly (but in any case not later than five (5) days after the Purchase Date) mail to each Holder of Notes so purchased the amount due in connection with such Notes, and the Company shall promptly issue a new Note, and the Trustee, upon written request from the Company in the form of an Officers' Certificate shall authenticate and mail or deliver such new Note to such Holder, in a principal amount equal to any unpurchased portion to the Holder thereof; provided that each such new Note shall be in a principal amount of (euro)1,000 or an integral multiple thereof. The Company shall publicly announce the results of the Net Proceeds Offer on or as soon as practicable after the Purchase Date.

If the Purchase Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest and Additional Interest, if any, in each case to the Purchase Date, shall be paid to the Person in whose name a Note is registered at the close of business on such

record date, and no additional interest shall be payable to Holders pursuant to the Net Proceeds Offer.

ARTICLE IV.

COVENANTS

Section 4.1. Payment of Principal and Interest.

The Company shall pay or cause to be paid the principal, Redemption Price and Purchase Price of, and interest on the Notes on the dates, in the amounts and in the manner provided herein and in the Notes. Principal, Redemption Price, Purchase Price and interest shall be considered paid on the date due if the Paying Agent, if other than the Company, as of 12:00 noon in the place of such Paying Agent's office on the due date, holds money deposited by the Company in immediately available funds and designated for and sufficient to pay the aggregate amount then due. The Company shall pay all Additional Interest, if any, on the dates, in the amounts and in the manner set forth in the Registration Rights Agreement.

The Company shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal, Redemption Price and Purchase Price at the rate equal to 1% per annum in excess of the then applicable interest rate on the Notes to the extent lawful; it shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest and Additional Interest (without regard to any applicable grace period) at the same rate to the extent lawful.

Section 4.2. Maintenance of Office or Agency.

The Company shall maintain in the Borough of Manhattan, the City of New York, in London, England and, so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such stock exchange so require, in Luxembourg an office or agency (which may be an office of the Trustee or an affiliate of the Trustee, Registrar or co-registrar) where Notes may be surrendered for registration of transfer or for exchange and where notices and demands to or upon the Company in respect of the Notes and this Indenture may be served. The Company shall give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Office of the Trustee.

The Company may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligations to maintain an office or agency in the Borough of Manhattan, the City of New York, in London, England and, so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such stock exchange

so require, in Luxembourg, for such purposes. The Company shall give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

The Company hereby designates the Corporate Trust Offices of the Trustee in the Borough of Manhattan, the City of New York, in London, England and in Luxembourg and the office of the Luxembourg Paying Agent as such offices or agencies of the Company in accordance with Section 2.3. The Trustee may resign such agency at any time by giving written notice to the Company no later than 30 days prior to the effective date of such resignation.

Section 4.3. Reports to Holders.

Whether or not required by the rules and regulations of the Commission, so long as any Notes are outstanding, the Company will furnish the Holders of Notes (or make publicly available through the Commission's electronic data gathering and retrieval ("EDGAR") database):

(1) all quarterly and annual financial information that would be required to be contained in a filing with the Commission on Forms 10-Q and 10-K if the Company were required to file such Forms, including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" that describes the financial condition and results of operations of the Company and its consolidated Subsidiaries (showing in reasonable detail, either on the face of the financial statements or in the footnotes thereto and in Management's Discussion and Analysis of Financial Condition and Results of Operations, the financial condition and results of operations of the Company and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Company, if any) and, with respect to the annual information only, a report thereon by the Company's certified independent accountants; and

(2) all current reports that would be required to be filed with the Commission on Form 8-K if the Company were required to file such reports, in each case within the time periods specified in the Commission's rules and regulations.

In addition, following the consummation of the Exchange Offer, whether or not required by the rules and regulations of the Commission, the Company will file a copy of all such information and reports with the Commission for public availability within the time periods specified in the Commission's rules and regulations (unless the Commission will not accept such a filing) and make such information available to securities analysts and prospective investors upon request. So long as the Notes are listed on the Luxembourg Stock Exchange, copies of such reports shall be available at the specified office of the Paying Agent and Transfer Agent in Luxembourg. In addition, for so long as any Notes remain outstanding, the Company will furnish to the Holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Section 4.4. Compliance Certificate.

The Company and each Guarantor shall deliver to the Trustee, within 120 days after the end of each fiscal year, an Officers' Certificate further stating that a review of the activities of the Company and its Subsidiaries during the preceding fiscal year has been made under the supervision of the signing Officers with a view to determining whether the Company has kept, observed, performed and fulfilled its obligations under this Indenture in all material respects, and further stating, as to each such Officer signing such certificate, that to the best of his or her knowledge the Company has kept, observed, performed and fulfilled each and every covenant contained in this Indenture in all material respects and is not in Default in the performance or observance of any of the terms, provisions and conditions of this Indenture (and, if a Default or Event of Default shall have occurred, describing all such Defaults or Events of Default) of which he or she may have knowledge.

The Company shall, so long as any of the Notes are outstanding, deliver to the Trustee, promptly upon any Officer of the Company becoming aware of any Default or Event of Default an Officers' Certificate specifying such Default or Event of Default.

Section 4.5. Taxes.

The Company shall pay or discharge, and shall cause each of its Subsidiaries to pay or discharge, prior to delinquency, all material taxes, assessments, and governmental levies except such as are contested in good faith and by appropriate proceedings or where the failure to effect such payment would not reasonably be expected to have a Material Adverse Effect.

Section 4.6. Stay, Extension and Usury Laws.

The Company covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that (to the extent that it lawfully may do so) it shall not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but shall suffer and permit the execution of every such power as though such law has not been enacted.

Section 4.7. Limitation on Restricted Payments.

(1) The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly:

(a) declare or pay any dividend or make any distribution (other than dividends or distributions payable in Qualified Capital Stock of the Company) on or in respect of shares of the Company's Capital Stock to holders of such Capital Stock;

(b) purchase, redeem or otherwise acquire or retire for value any Capital Stock of the Company or any warrants, rights or options to purchase or acquire shares of any class of such Capital Stock;

(c) make any principal payment on, purchase, defease, redeem, prepay, decrease or otherwise acquire or retire for value, prior to any scheduled final maturity, scheduled repayment or scheduled sinking fund payment, any Indebtedness of the Company that is subordinate or junior in right of payment to the Notes; or

(d) make any Investment (other than Permitted Investments);

(each of the foregoing actions set forth in clauses (a), (b), (c) and (d) being referred to as a "Restricted Payment") if at the time of such Restricted Payment or immediately after giving effect thereto,

(i) a Default or an Event of Default shall have occurred and be continuing; or

(ii) the Company is not able to incur at least $1.00 of additional Indebtedness (other than Permitted Indebtedness) in compliance with Section 4.9 of this Indenture; provided, however, that for purposes of this clause (ii), the Consolidated Fixed Charge Coverage Ratio of the Company, after giving effect to such Restricted Payment, must be greater than 3.0 to 1.0; or

(iii) the aggregate amount of Restricted Payments (including such proposed Restricted Payment) made subsequent to the Issue Date (the amount expended for such purposes, if other than in cash, being the fair market value of such property as determined in good faith by the Board of Directors of the Company) shall exceed the sum of:

(v) 75% of the cumulative Consolidated Net Income (or if cumulative Consolidated Net Income shall be a loss, minus 100% of such loss) of the Company earned subsequent to the Issue Date and on or prior to the date the Restricted Payment occurs (the "Reference Date") (treating such period as a single accounting period); plus

(w) 100% of the aggregate net cash proceeds received by the Company from any Person (other than a Restricted Subsidiary of the Company) from the issuance and sale subsequent to the Issue Date and on or prior to the Reference Date of Qualified Capital Stock of the Company or warrants, options or other rights to acquire Qualified Capital Stock of the Company (but excluding any debt security that is convertible into, or exchangeable for, Qualified Capital Stock); plus

(x) without duplication of any amounts included in Section 4.7(1)(iii)(w) above, 100% of the aggregate net cash proceeds of any equity contribution received by the Company from a holder of the Company's Capital Stock (excluding, in the case of Section 4.7(1)(iii)(w) and this Section 4.7(1)(iii)(x), any net cash

proceeds from a Public Equity Offering to the extent used to redeem the Notes in compliance with the provisions set forth under Section 3.8 of this Indenture); plus

(y) without duplication, the sum of:

(1) the aggregate amount returned in cash on or with respect to Investments (other than Permitted Investments) made subsequent to the Issue Date whether through interest payments, principal payments, dividends or other distributions or payments;

(2) the net cash proceeds received by the Company or any of its Restricted Subsidiaries from the disposition of all or any portion of Investments (other than Permitted Investments) made subsequent to the Issue Date other than to a Restricted Subsidiary of the Company; and

(3) upon redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary, the fair market value of such Subsidiary; provided, however, that the sum of amounts governed by clauses (y)(1) and (y)(2) above and this clause (y)(3) shall first be included under this Section 4.7(1)(iii)(y) and, to the extent that the sum of clauses (y)(1) and (y)(2) above and this clause (y)(3) exceeds the aggregate amount of all Investments (other than Permitted Investments) made subsequent to the Issue Date, shall be included under Section 4.7(1)(iii)(v) as included in Consolidated Net Income; plus

(z) $25 million.

(2) Notwithstanding the foregoing, the provisions of this Section 4.7 do not prohibit:

(a) the payment of any dividend within 60 days after the date of declaration of such dividend if the dividend would have been permitted on the date of declaration;

(b) the acquisition or redemption of any shares of Capital Stock of the Company, either (i) solely in exchange for shares of Qualified Capital Stock of the Company or (ii) through the application of net proceeds of a substantially concurrent sale for cash (other than to a Restricted Subsidiary of the Company) of shares of Qualified Capital Stock of the Company;

(c) the acquisition or redemption of any Indebtedness of the Company that is subordinate or junior in right of payment to the Notes either (i) solely in exchange for shares of Qualified Capital Stock of the Company or (ii) through the application of net proceeds of (a) a substantially concurrent sale for cash (other than to a Restricted Subsidiary of the Company) of shares of Qualified Capital Stock of the Company or (b) if no Default or Event of Default shall have occurred and be continuing, Refinancing Indebtedness;

(d) so long as no Default or Event of Default shall have occurred and be continuing, repurchases by the Company of Common Stock of the Company (or options or warrants to purchase such Common Stock) from directors, officers and employees of the Company or any of its Subsidiaries or their authorized representatives upon the death, disability, retirement or termination of employment of such directors, officers and employees, in an aggregate amount not to exceed $3 million in any calendar year;

(e) on or before 200 days after the Issue Date, the partial or complete redemption of any one or more of (i) the 738 shares of the Company's outstanding Series A Preferred Stock, $100 par value, (ii) the 647 shares of the Company's outstanding Series B Preferred Stock, $100 par value, and (iii) the 5,500,000 shares of the Company's outstanding Profit Participation Certificates, DM100 par value, in each case including any accrued and unpaid dividends thereon, using as consideration the Company's notes or loans receivable from its Affiliates and existing as of the Issue Date (including accrued and unpaid interest thereon);

(f) on or before 200 days from the Issue Date, the partial or complete conversion into Qualified Capital Stock of the Company of any one or more of (i) the 738 shares of the Company's outstanding Series A Preferred Stock, $100 par value, (ii) the 647 shares of the Company's outstanding Series B Preferred Stock, $100 par value, and (iii) the 5,500,000 shares of the Company's outstanding Profit Participation Certificates, DM100 par value, in each case including any accrued and unpaid dividends thereon;

(g) on or before 200 days from the Issue Date, the dividend or other transfer by the Company to Kronos of all or a portion of the Company's notes or loans receivable from its Affiliates and existing as of the Issue Date (including accrued and unpaid interest thereon);

(h) on or before 200 days from the Issue Date, the redemption of any Qualified Capital Stock of the Company, using as consideration all or a portion of the Company's notes receivable from Affiliates and existing as of the Issue Date (including accrued and unpaid interest thereon); and

(i) one or more Restricted Payments of the net proceeds from the issuance and sale of the Notes, on or promptly after the Issue Date as set forth in, and for the purposes described under, "Use of Proceeds" in the Final Memorandum and, if any net proceeds remain after such Restricted Payment(s), additional Restricted Payment(s), promptly after the Issue Date, in an aggregate amount up to the amount of such remaining net proceeds from such issuance and sale.

In determining the aggregate amount of Restricted Payments made subsequent to the Issue Date in accordance with Section 4.7(1)(iii) above, amounts expended pursuant to Section 4.7(2)(a), Section 4.7(2)(b)(ii) (to the extent included in the calculation of net cash proceeds in Section 4.7(1)(iii)(w)), Section 4.7(2)(c)(ii)(a) (to the extent included in the calculation of net cash proceeds in Section 4.7(1)(iii)(w)) and 4.7(2)(d) shall be included in such calculation and amounts expended pursuant to Section 4.7(2)(b)(i), Section 4.7(2)(b)(ii) (to the extent not included in the

calculation of net cash proceeds in Section 4.7(1)(iii)(w) above), Section 4.7(2)(c)(i), Section 4.7(2)(c)(ii)(a) (to the extent not included in the calculation of net cash proceeds in Section 4.7(1)(iii)(w)), Section 4.7(2)(c)(ii)(b), Section 4.7(2)(e), Section 4.7(2)(f), Section 4.7(2)(g), Section 4.7(2)(h) and Section 4.7(2)(i) shall be excluded from such calculation, in each case without duplication.

Section 4.8. Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries.

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of any such Restricted Subsidiary of the Company to:

(1) pay dividends or make any other distributions on or in respect of its Capital Stock;

(2) make loans or advances or to pay any Indebtedness or other obligation owed to the Company or any other Restricted Subsidiary of the Company; or

(3) transfer any of its property or assets to the Company or any other Restricted Subsidiary of the Company,

except, in each case, for such encumbrances or restrictions existing under or by reason of:

(a) applicable law;

(b) the Notes or this Indenture;

(c) customary non-assignment provisions of any contract or any lease governing a leasehold interest of any Restricted Subsidiary of the Company;

(d) any instrument governing Acquired Indebtedness, which encumbrance or restriction is not applicable to properties or assets, other than the properties or assets so acquired;

(e) agreements existing on the Issue Date to the extent and in the manner such agreements are in effect on the Issue Date and any amendments, extensions, renewals or substitutions thereof provided that the terms of such amendments, extensions, renewals or substitutions are not materially more restrictive in the aggregate as determined by the Board of Directors of the Company in its good faith judgment;

(f) customary restrictions in the Credit Agreement, to the extent and in the manner in effect on the date of effectiveness thereof, and customary restrictions in other agreements governing Permitted Indebtedness to the extent such restrictions would not reasonably be expected to have an adverse effect on the ability of the Company to timely pay the principal and interest on the Notes;

(g) customary restrictions on the transfer of assets subject to any Lien permitted under this Indenture imposed by the holder of such Lien;

(h) customary restrictions imposed by any agreement to sell assets or Capital Stock permitted under this Indenture to any Person pending the closing of such sale;

(i) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;

(j) in the case of a joint venture or similar entity 50% owned by the Company or a Restricted Subsidiary of the Company, customary provisions in joint venture agreements and other similar agreements (in each case relating solely to the respective joint venture or similar entity or the equity interests therein) entered into in the ordinary course of business; or

(k) an agreement governing Indebtedness incurred to Refinance the Indebtedness issued, assumed or incurred pursuant to an agreement referred to in clause (b), (d), (e) or (f) above; provided, however, that the provisions relating to such encumbrance or restriction contained in any such Indebtedness are not materially more restrictive in the aggregate as determined by the Board of Directors of the Company in its good faith judgment than the provisions relating to such encumbrance or restriction contained in agreements referred to in such clause (b), (d), (e) or (f).

Section 4.9. Limitation on Incurrence of Additional Indebtedness.

(1) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume, guarantee, acquire, become liable, contingently or otherwise, with respect to, or otherwise become responsible for payment of (collectively, "incur") any Indebtedness (other than Permitted Indebtedness); provided, however, that if no Default or Event of Default shall have occurred and be continuing at the time of or as a consequence of the incurrence of any such Indebtedness, the Company or any of its Restricted Subsidiaries that is or, upon such incurrence, becomes a Guarantor may incur Indebtedness (including, without limitation, Acquired Indebtedness) and any Restricted Subsidiary of the Company that is not or will not, upon such incurrence, become a Guarantor may incur Acquired Indebtedness, in each case if on the date of the incurrence of such Indebtedness, after giving effect to the incurrence thereof, the Consolidated Fixed Charge Coverage Ratio of the Company is greater than 2.5 to 1.0.

(2) The Company and any Restricted Subsidiary that is a Guarantor will not incur any Indebtedness that is expressly subordinated to any senior Indebtedness of the Company or any such Guarantor unless such Indebtedness is also expressly subordinated on the same basis to the Notes or any such Guarantees.

Section 4.10. Limitation on Asset Sales.

(1)...The Company will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

(a) the Company or the applicable Restricted Subsidiary, as the case may be, receives consideration at the time of such Asset Sale at least equal to the fair market value of the assets sold or otherwise disposed of as determined in good faith by the Company's Board of Directors;

(b) at least 75% of the consideration received by the Company or the Restricted Subsidiary, as the case may be, from such Asset Sale shall be in the form of cash or Cash Equivalents and is received at the time of such disposition; provided, however, that for the purposes of this Section 4.10, the amount of any liability that would be shown on a consolidated balance sheet of the Company or such Restricted Subsidiary, as the case may be, in accordance with GAAP and immediately prior to the time of such Asset Sale, other than liabilities that are by their terms expressly subordinated to the Notes, that are assumed by the transferee of any such Asset Sale, will be deemed to be cash; and

(c) upon the consummation of an Asset Sale, the Company shall apply, or cause such Restricted Subsidiary to apply, the Net Cash Proceeds relating to such Asset Sale within 365 days of receipt thereof either:

(i) to prepay any secured senior Indebtedness of the Company or senior Indebtedness of a Restricted Subsidiary and, in the case of any such senior Indebtedness under any revolving credit facility, effect a permanent reduction in the availability under such revolving credit facility;

(ii) to acquire or otherwise make an investment or enter into a binding commitment to acquire or otherwise make an investment in properties and assets (including Capital Stock) that replace the properties and assets (including Capital Stock) that were the subject of such Asset Sale or in properties and assets (including Capital Stock) that will be used in the business of the Company and its Restricted Subsidiaries as existing on the Issue Date or in businesses reasonably related thereto ("Replacement Assets"); and/or

(iii) a combination of prepayment and investment permitted by the foregoing Sections 4.10(1)(c)(i) and (c)(ii).

(2) On the 366th day after an Asset Sale or such earlier date, if any, as the Board of Directors of the Company or of such Restricted Subsidiary determines not to apply the Net Cash Proceeds relating to such Asset Sale as set forth in Sections 4.10(1)(c)(i), (1)(c)(ii) and (1)(c)(iii) (each, a "Net Proceeds Offer Trigger Date"), the aggregate amount of Net Cash Proceeds which have not been applied on or before such Net Proceeds Offer Trigger Date as permitted in Sections 4.10(1)(c)(i), (1)(c)(ii) and (1)(c)(iii) (each a "Net Proceeds Offer Amount") shall be applied by the Company or such Restricted

Subsidiary to make an offer to purchase (the "Net Proceeds Offer") pursuant to Section 3.11 and this Section 4.10 to all Holders on a date not less than 30 nor more than 45 days following the applicable Net Proceeds Offer Trigger Date, from all Holders on a pro rata basis, that amount of Notes equal to the Net Proceeds Offer Amount at a price equal to 100% of the principal amount of the Notes to be purchased, plus accrued and unpaid interest thereon, if any, to the Purchase Date; provided, however, that if at any time any non-cash consideration received by the Company or any Restricted Subsidiary of the Company, as the case may be, in connection with any Asset Sale is converted into or sold or otherwise disposed of for cash (other than interest received with respect to any such non-cash consideration), then such conversion or disposition shall be deemed to constitute an Asset Sale hereunder and the Net Cash Proceeds thereof shall be applied in accordance with this Section 4.10.

(3) Notwithstanding paragraphs (1) and (2) of this Section 4.10, the Company and its Restricted Subsidiaries may consummate an Asset Sale without complying with such paragraphs to the extent that:

(a) at least 80% of the consideration for such Asset Sale constitutes Replacement Assets; and

(b) such Asset Sale is for fair market value; provided that any consideration that does not constitute Replacement Assets that is received by the Company or any of its Restricted Subsidiaries in connection with any Asset Sale permitted under this paragraph (3) shall constitute Net Cash Proceeds and shall be subject to the provisions of paragraphs (1) and (2) of this Section 4.10.

(4) The Company or such Restricted Subsidiary may defer the Net Proceeds Offer until there is an aggregate unutilized Net Proceeds Offer Amount equal to or in excess of $20 million resulting from one or more Asset Sales (at which time, the entire unutilized Net Proceeds Offer Amount, and not just the amount in excess of $20 million, shall be applied as required pursuant to this Section 4.10).

(5) In the event of the transfer of substantially all (but not all) of the property and assets of the Company and its Restricted Subsidiaries as an entirety to a Person in a transaction permitted under Section 5.1 of this Indenture, which transaction does not constitute a Change of Control, the successor corporation shall be deemed to have sold the properties and assets of the Company and its Restricted Subsidiaries not so transferred for purposes of this Section 4.10, and shall comply with the provisions of this Section 4.10 with respect to such deemed sale as if it were an Asset Sale. In addition, the fair market value of such properties and assets of the Company or its Restricted Subsidiaries deemed to be sold shall be deemed to be Net Cash Proceeds for purposes of this Section 4.10.

(6) The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the purchase of Notes pursuant to a Net Proceeds Offer. To the extent that the provisions of any securities laws or regulations conflict with this Section 4.10, the Company shall comply with the applicable securities laws and

regulations and shall not be deemed to have breached its obligations under this Section 4.10 by virtue thereof.

(7) After consummation of any Net Proceeds Offers, any Net Proceeds Offer Amount not applied to any such purchase may be used by the Company for any purpose permitted by the other provisions of this Indenture.

(8) To the extent that any or all of the Net Cash Proceeds related to an Asset Sale of a Restricted Subsidiary are prohibited or delayed by applicable law from being repatriated (in the form of dividends, loans or otherwise) to the Company, the portion of such Net Cash Proceeds so affected shall not be required to be applied at the time provided by this Section 4.10, but may be retained by the applicable Restricted Subsidiary so long, but only so long, as such applicable law will not permit repatriation to the Company (the Company having agreed to cause the applicable Restricted Subsidiary to promptly take all actions required by the applicable law to permit such repatriation). After such repatriation of any such affected Net Cash Proceeds is permitted under such applicable law, such repatriation shall be immediately effected and such repatriated Net Cash Proceeds will be applied in a manner as described in this Section 4.10.

Section 4.11. Limitations on Transactions with Affiliates.

(1) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or permit to exist any transaction or series of related transactions (including, without limitation, the purchase, sale, lease or exchange of any property or the rendering of any service) with, or for the benefit of, any of its Affiliates (each an "Affiliate Transaction"), other than Affiliate Transactions on terms that are no less favorable than those that might reasonably have been obtained in a comparable transaction at such time on an arm's-length basis from a Person that is not an Affiliate of the Company or such Restricted Subsidiary.

(2) All Affiliate Transactions (and each series of related Affiliate Transactions which are similar or part of a common plan) involving aggregate payments or other property with a fair market value in excess of $2 million shall be approved by the Board of Directors of the Company or such Restricted Subsidiary, as the case may be, such approval to be evidenced by a Board Resolution stating that such Board of Directors has determined that such transaction complies with the foregoing provisions. If the Company or any Restricted Subsidiary of the Company enters into an Affiliate Transaction (or a series of related Affiliate Transactions related to a common plan) that involves an aggregate fair market value of more than $12.5 million, the Company or such Restricted Subsidiary, as the case may be, shall, prior to the consummation thereof, obtain a favorable opinion as to the fairness of such transaction or series of related transactions to the Company or the relevant Restricted Subsidiary, as the case may be, from a financial point of view, from an Independent Financial Advisor and file the same with the Trustee.

(3) The restrictions set forth in Section 4.11(1) and 4.11(2) shall not apply to, and the term "Affiliate Transaction" shall not include, any of the following (each of the following being a "Permitted Affiliate Transaction"):

(a) reasonable fees and compensation paid to and indemnity provided on behalf of officers, directors, employees or consultants of the Company or any Restricted Subsidiary of the Company as determined in good faith by the Company's Board of Directors or senior management;

(b) transactions to the extent exclusively between or among the Company and any of its Restricted Subsidiaries or to the extent exclusively between or among such Restricted Subsidiaries, provided such transactions are not otherwise prohibited by this Indenture;

(c) arrangements under the Company's transfer pricing guidelines, the Services Agreement, dated as of January 1, 1995 (and amended as of April 1, 2002) among NL Industries, Kronos (US), Inc. and the Company, the Tax Agreement, dated as of May 28, 2002, by and between Kronos and the Company, the United States Sales Agreement, effective as of January 1, 1995, among Kronos (US), Inc., Rheox, Inc., the Company, Kronos Limited, Societe Industrielle du Titane, S.A., Kronos Titan-GmbH, Kronos Canada, Inc., Kronos B.V., Kronos Europe S.A./N.V., Kronos Titan A/S, Rheox Limited, Rheox GmbH, Abbey Chemicals Limited, Bentone-Chemie GmbH and Rheox Canada, a division of Rheox, Inc., the United States Sales Agreement, effective as of January 1, 1995, among Kronos (US), Inc., Rheox, Inc., the Company, Kronos Europe S.A./N.V., Kronos Canada, Inc., Kronos Titan GmbH, Rheox Limited, Rheox GmbH and Kronos Titan A/S, the Assignment and Assumption Agreement, dated as of January 1, 1999, by and between Kronos (US), Inc. and the Company, the Amended and Restated Technology Transfer and License Agreement, dated as of May 30, 1990, between Kronos and Kronos Titan-GmbH, the Amended and Restated Technology, Patent and Trademark License Agreement, dated as of May 30, 1990, by and between Kronos (US), Inc. and Kronos Europe S.A./N.V., the Amended and Restated Technology, the Patent and Trademark License Agreement, dated as of May 30, 1990, by and between Kronos (USA), Inc. and Kronos Canada, Inc., the Cross License Agreement, effective January 1, 1999, between Kronos Inc. (formerly known as Kronos (USA), Inc.) and the Company and the Trademark Use Agreement, dated as of May 30, 1990, between Kronos, Inc. (now Kronos (US), Inc.), Kronos (USA), Inc. (now Kronos, Inc.), Kronos Titan-GmbH and Kronos Titan A/S and amended effective as of October 16, 1993 and January 1, 1999, in each case as in effect as of the Issue Date or any amendment thereto or any transaction contemplated thereby (including pursuant to any amendment thereto) in any replacement agreement thereto so long as any such amendment or replacement agreement is not more disadvantageous to the Holders in any material respect than the original agreement as in effect on the Issue Date or is required by law or regulatory authority;

(d) purchases and sales of product and raw materials, insurance arrangements and payments, all of the foregoing in the ordinary course of business consistent with past practice or as may be necessary to accommodate legal, regulatory or other changes in the business of the Company and its Restricted Subsidiaries; and

(e) Restricted Payments (or Permitted Investments set forth in clauses (4), (7) and (12) of the definition thereof contained in Section 1.1) permitted by this Indenture.

Section 4.12. Limitation on Liens.

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or permit or suffer to exist any Liens of any kind against or upon any property or assets of the Company or any of its Restricted Subsidiaries whether owned on the Issue Date or acquired after the Issue Date, or any proceeds therefrom, or assign or otherwise convey any right to receive income or profits therefrom, unless:

(1) in the case of Liens securing Indebtedness that is expressly subordinate or junior in right of payment to the Notes, the Notes are secured by a Lien on such property, assets or proceeds that is senior in priority to such Liens; and

(2) in all other cases, the Notes are equally and ratably secured, except for:

(a) Liens existing as of the Issue Date to the extent and in the manner such Liens are in effect on the Issue Date and any amendments, extensions, renewals or substitutions thereof provided that the property subject to such Liens as amended, extended, renewed or substituted is not materially different from that initially subject to such Liens as determined by the Board of Directors of the Company in their good faith judgment;

(b) Liens securing Indebtedness under the Credit Agreement;

(c) Liens securing senior Indebtedness incurred pursuant to clauses (11) or (12) of the definition of Permitted Indebtedness, as defined in Section 1.1;

(d) Liens securing the Notes and any Guarantees;

(e) Liens of the Company or a Wholly Owned Restricted Subsidiary of the Company on assets of any Restricted Subsidiary of the Company;

(f) Liens securing Indebtedness incurred to Refinance any Indebtedness which has been secured by a Lien permitted under this Indenture and which has been incurred without violation of this Indenture; provided, however, that such Liens do not extend to or cover any property or assets of the Company or any of its Restricted Subsidiaries not securing the Indebtedness so Refinanced; and

(g) Permitted Liens.

In the event that any Lien the existence of which gives rise to a Lien securing the Notes pursuant to the provisions of this Section 4.12 ceases to exist, the Lien securing the Notes required by this Section 4.12 shall

automatically be released and the Trustee shall execute appropriate documentation.

Section 4.13. Conduct of Business.

The Company and its Restricted Subsidiaries will not engage in any businesses which are not the same, similar or reasonably related to, or ancillary or complementary to, the businesses in which the Company and its Restricted Subsidiaries are engaged on the Issue Date.

Section 4.14. Maintenance of Properties and Insurance.

(1) The Company shall cause all material properties owned by or leased by it or any of the Restricted Subsidiaries used in the conduct of its business or the business of any of the Restricted Subsidiaries to be maintained and kept in normal condition, repair and working order (reasonable wear and tear excepted) and shall cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as, and to the extent that, in its judgment may be necessary, so that the business carried on in connection therewith may be properly and advantageously conducted; provided, however, that nothing in this Section 4.14(1) shall prevent the Company or any of the Restricted Subsidiaries from discontinuing the use, operation or maintenance of any of such properties, or disposing of any of them, if such discontinuance or disposal is, in the judgment of the Board of Directors of the Company or of the Board of Directors of any Restricted Subsidiary, or of an officer (or other agent employed by the Company or of any of the Restricted Subsidiaries) of the Company or any of its Restricted Subsidiaries having managerial responsibility for any such property, desirable in the conduct of the business of the Company or any Restricted Subsidiary, and if such discontinuance or disposal would not reasonably be expected to have a Material Adverse Effect.

(2) The Company shall maintain, and shall cause the Restricted Subsidiaries to maintain, insurance with responsible carriers against such risks and in such amounts, and with such deductibles, retentions, self-insured amounts and co-insurance provisions, as are customarily carried by similar businesses of similar size, including property and casualty loss, workers' compensation and interruption of business insurance to the extent available on commercially reasonable terms; provided, however, that nothing in this Section 4.14(2) shall prevent the Company or any of the Restricted Subsidiaries from discontinuing any insurance, or modifying any such deductibles, retentions, self-insured amounts or co-insurance provisions, if such discontinuance or modification is, in the judgment of the Board of Directors of the Company or of the Board of Directors of any Restricted Subsidiary, or of an officer (or other agent employed by the Company or of any of the Restricted Subsidiaries) of the Company or any of its Restricted Subsidiaries having managerial responsibility for any such insurance, desirable in the conduct of the business of the Company or any Restricted Subsidiary, and if such discontinuance or modification would not reasonably be expected to have a Material Adverse Effect.

Section 4.15. Offer to Purchase upon Change of Control.

Upon the occurrence of a Change of Control, each Holder of Notes shall have the right to require that the Company purchase all or a portion (equal to (euro)1,000 or an integral multiple thereof) of such Holder's Notes (a "Change of Control Offer") at a Purchase Price equal to 101% of the aggregate principal amount thereof, together with accrued and unpaid interest and Additional Interest, if any, thereon to the Purchase Date. The Change of Control Offer shall be made in compliance with the applicable procedures set forth in Article III of this Indenture and shall include all instructions and materials reasonably necessary to enable Holders to tender their Notes.

The Company will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Indenture applicable to a Change of Control Offer made by the Company, and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the purchase of Notes pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with this Section 4.15, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under this Section 4.15 by virtue of such compliance.

Section 4.16. Limitation of Guarantees by Restricted Subsidiaries.

(1) The Company will not permit any of its Restricted Subsidiaries, directly or indirectly, by way of the pledge of any intercompany note or otherwise, to assume, guarantee or in any other manner become liable with respect to any Indebtedness of the Company or any other Restricted Subsidiary of the Company (other than: (i) Indebtedness and other obligations under the Credit Agreement; (ii) Permitted Indebtedness of a Restricted Subsidiary of the Company; (iii) Indebtedness under Currency Agreements or Commodity Agreements in reliance on clause (5) of the definition of Permitted Indebtedness; or (iv) Interest Swap Obligations incurred in reliance on clause (4) of the definition of Permitted Indebtedness), unless, in any such case:

(a) such Restricted Subsidiary executes and delivers a supplemental indenture to this Indenture, providing a guarantee of payment of the Notes by such Restricted Subsidiary; and

(b) if such assumption, guarantee or other liability of such Restricted Subsidiary is provided in respect of Indebtedness that is expressly subordinated to the Notes (or a Guarantee of the Notes), the guarantee or other instrument provided by such Restricted Subsidiary in respect of such subordinated Indebtedness shall be subordinated to the Guarantee pursuant to subordination provisions no less favorable to the Holders of the Notes than those contained in such other Indebtedness.

(2) Notwithstanding the foregoing, any such Guarantee by a Restricted Subsidiary of the Notes shall (and shall provide by its terms that it shall) be automatically and unconditionally released and discharged, without any further action required on the part of the Trustee or any Holder, upon:

(a) the unconditional release of such Restricted Subsidiary from its assumption, guarantee or other liability in respect of the Indebtedness in connection with which such Guarantee was executed and delivered pursuant to Section 4.16(1); or

(b) any sale or other disposition (by merger or otherwise) to any Person which is not a Restricted Subsidiary of the Company of all of the Capital Stock in, or all or substantially all of the assets of, such Restricted Subsidiary; provided that (i) such sale or disposition of such Capital Stock or assets is otherwise in compliance with the terms of this Indenture and (ii) such assumption, guarantee or other liability of such Restricted Subsidiary has been released by the holders of the other Indebtedness so guaranteed.

Section 4.17. Provision of Security.

The Company will not form, acquire or maintain any direct Restricted Subsidiary (other than Kronos Chemie-GmbH and Kronos World Services, S.A./N.V., so long as each such company shall have gross assets of less than $3 million (net of assets contributed thereto for the express purposes of expunging contingent liabilities), and any other direct Restricted Subsidiary having gross assets of less than $1 million), unless, concurrently with the formation, acquisition or maintenance of such Subsidiary, the Company shall execute and deliver, or cause to be executed and delivered, to the Trustee or the Collateral Agent for their respective benefit as Trustee or Collateral Agent or for the benefit of Holders, one or more pledge agreements, in form and substance reasonably satisfactory to the Trustee or the Collateral Agent for their respective benefit as Trustee or Collateral Agent or for the benefit of the Holders, pursuant to which not less than 65% of the Capital Stock of such Subsidiary is pledged to the Trustee or the Collateral Agent for their respective benefit as Trustee or Collateral Agent or for the benefit of the Holders and the Company shall, concurrently therewith, execute and deliver all documents, instruments and agreements in form and substance reasonably satisfactory to the Trustee or the Collateral Agent for their respective benefit as Trustee or Collateral Agent or for the benefit of the Holders reasonably necessary in the opinion of the Trustee or the Collateral Agent for their respective benefit as Trustee or Collateral Agent or for the benefit of the Holders to grant and maintain at all times a fully perfected senior Lien on the collateral pledged pursuant to such pledge agreements.

Section 4.18. Limitation on Preferred Stock of Restricted Subsidiaries.

The Company will not permit any of its Restricted Subsidiaries to issue any Preferred Stock (other than to the Company or to a Wholly Owned Restricted Subsidiary of the Company) or permit any Person (other than the Company or a Wholly Owned Restricted Subsidiary of the Company) to own any Preferred Stock of any Restricted Subsidiary of the Company.

Section 4.19. Payments to the Collateral Agent.

Notwithstanding any other provision of this Indenture or the Notes, the Company irrevocably and unconditionally undertakes to pay to the Collateral Agent, as a creditor in its own right and not as a representative of the Holders, sums equal to and in the currency of, its Primary Obligations as when the same fall due for payment under this Indenture or the Notes (the "Parallel Obligations").

The rights of the Holders to receive payment of the Primary Obligations are several and separate and independent from, without prejudice to, the rights of the Collateral Agent to receive payment of the Parallel Obligations. The Collateral Agent shall have its own independent right to demand payment of the Parallel Obligations.

The amounts due and payable by the Company under this Section 4.19 shall be decreased to the extent that the Company has paid any amounts to (i) any Holder in respect of the Primary Obligations or (ii) to the Collateral Agent in respect of the Parallel Obligations.

Section 4.20. Corporate Existence.

Except as otherwise permitted by Article V, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence and the corporate, partnership or other existence of each of the Restricted Subsidiaries in accordance with the respective organizational documents of each Restricted Subsidiary (as the same may be amended from time to time); provided, however, that the Company shall not be required to preserve any such corporate, partnership or other existence of any Restricted Subsidiary if the Board of Directors of the Company shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and its Restricted Subsidiaries, taken as a whole, and that the loss thereof would not reasonably be expected to have a Material Adverse Effect.

Section 4.21. Compliance with Laws.

The Company shall comply, and shall cause each of the Restricted Subsidiaries to comply, with all applicable statutes, rules, regulations, orders and restrictions of the European Union, any state that is a member of the European Union on the Issue Date, the United States, any states thereof, the District of Columbia or the Kingdom of Norway and of any governmental department, commission, board, regulatory authority, bureau, agency and instrumentality of the foregoing, each to the extent applicable, in respect of the conduct of their respective businesses and the ownership of their respective properties, except for such noncompliances as would not in the aggregate reasonably be expected to have a Material Adverse Effect.

ARTICLE V.

SUCCESSORS

Section 5.1. Merger, Consolidation and Sale of Assets.

(1) The Company will not, in a single transaction or series of related transactions, consolidate or merge with or into any Person, or sell, assign, transfer, lease, convey or otherwise dispose of (or cause or permit any Restricted Subsidiary of the Company to sell, assign, transfer, lease, convey or otherwise dispose of) all or substantially all of the Company's assets (determined on a consolidated basis for the Company and the Company's Restricted Subsidiaries) whether as an entirety or substantially as an entirety to any Person unless:

(a) either:

(i) the Company shall be the surviving or continuing corporation; or

(ii) the Person (if other than the Company) formed by such consolidation or into which the Company is merged or the Person which acquires by sale, assignment, transfer, lease, conveyance or other disposition the properties and assets of the Company and of the Company's Restricted Subsidiaries substantially as an entirety (the "Surviving Entity"):

(A) shall be a corporation organized and validly existing under the laws of the United States, any state thereof or the District of Columbia; and

(B) shall expressly assume, by supplemental indenture (in form and substance satisfactory to the Trustee), executed and delivered to the Trustee, the due and punctual payment of the principal of, and premium, if any, and interest on all of the Notes and the performance of every covenant of the Notes, this Indenture and the Registration Rights Agreement on the part of the Company to be performed or observed;

(b) immediately after giving effect to such transaction and the assumption contemplated by Section 5.1(1)(a)(ii)(B) (including giving effect to any Indebtedness and Acquired Indebtedness incurred or anticipated to be incurred in connection with or in respect of such transaction), the Company or such Surviving Entity, as the case may be, (a) shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction and (b) shall be able to incur at least $1.00 of additional Indebtedness (other than Permitted Indebtedness) pursuant to Section 4.9;

(c) immediately before and immediately after giving effect to such transaction and the assumption contemplated by Section 5.1(1)(a)(ii)(B) (including, without limitation, giving effect to any Indebtedness and

Acquired Indebtedness incurred or anticipated to be incurred and any Lien granted in connection with or in respect of the transaction), no Default or Event of Default shall have occurred or be continuing; and

(d) the Company or the Surviving Entity shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture comply with the applicable provisions of this Indenture and that all conditions precedent in this Indenture relating to such transaction have been satisfied.

(2) For purposes of the foregoing, the transfer (by lease, assignment, sale or otherwise, in a single transaction or series of transactions) of all or substantially all of the properties or assets of one or more Restricted Subsidiaries of the Company, the Capital Stock of which constitutes all or substantially all of the properties and assets of the Company, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Company.

(3) Without limiting any of the activities and transactions that Kronos Titan-GmbH & Co. OHG, a partnership, may engage in or undertake consistent with this Indenture, Kronos Titan-GmbH & Co. OHG may through a merger, consolidation or other business combination transaction continue or succeed as a corporation incorporated under the laws of Germany; provided that such transaction does not adversely affect the Lien on the Capital Stock of Kronos Titan-GmbH & Co. OHG for the benefit of the Collateral Agent, as agent for the Holders pursuant to the terms of this Indenture and the Collateral Agency Agreement.

(4) Notwithstanding the foregoing, neither the Company nor any Subsidiary will consolidate or merge with NL Industries.

(5) .Each Guarantor (other than any Guarantor whose Guarantee is to be released in accordance with the terms of the Guarantee and this Indenture in connection with any transaction complying with the provisions of Section 4.10 of this Indenture) will not, and the Company will not cause or permit any Guarantor to, consolidate with or merge with or into any Person other than the Company or any other Guarantor unless:

(a) the entity formed by or surviving any such consolidation or merger (if other than the Guarantor) or to which such sale, lease, conveyance or other disposition shall have been made is a corporation organized and existing under the laws of the European Union, any state that is a member of the European Union on the Issue Date, the United States, any State thereof, the District of Columbia or the Kingdom of Norway;

(b) such entity assumes by supplemental indenture all of the obligations of the Guarantor on the Guarantee;

(c) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing; and

(d) immediately after giving effect to such transaction and the use of any net proceeds therefrom on a pro forma basis, the Company (i) shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction and (ii) shall be able to incur at least $1.00 of additional Indebtedness (other than Permitted Indebtedness) pursuant to Section 4.9 of this Indenture.

(6) Any merger or consolidation of a Guarantor with and into the Company (with the Company being the surviving entity) or another Guarantor need only comply with Section 5.1(1)(d).

Section 5.2. Successor Corporation Substituted.

Upon any consolidation, combination or merger or any transfer of all or substantially all of the assets of the Company in accordance with Section 5.1, in which the Company is not the continuing corporation, the successor Person formed by such consolidation or into which the Company is merged or to which such conveyance, lease or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture and the Notes with the same effect as if such surviving entity had been named as such.

ARTICLE VI.

DEFAULTS AND REMEDIES

Section 6.1. Events of Default.

Each of the following constitutes an "Event of Default":

(1) the failure to pay interest on any Note when the same becomes due and payable and the default continues for a period of 30 days;

(2) the failure to pay the principal of any Note, when such principal becomes due and payable, at maturity, upon redemption or otherwise (including the failure to make a payment to purchase Notes tendered pursuant to a Change of Control Offer or a Net Proceeds Offer);

(3) a default in the observance or performance of any other covenant or agreement contained in this Indenture or any Security Document which default continues for a period of 45 days after the Company receives written notice specifying the default (and demanding that such default be remedied) from the Trustee or the Holders of at least 25% of the outstanding principal amount of the Notes (except in the case of a default with respect to Section 5.1 of this Indenture, which will constitute an Event of Default with such notice requirement but without such passage of time requirement);

(4) the failure to pay at final maturity (after giving effect to any applicable grace periods and any extensions thereof) the principal amount of any Indebtedness of the Company or any Restricted Subsidiary of the

Company, or the acceleration of the final stated maturity of any such Indebtedness (which acceleration is not rescinded, annulled or otherwise cured within 20 days of receipt by the Company or such Restricted Subsidiary of notice of any such acceleration), if the aggregate principal amount of such Indebtedness, together with the principal amount of any other such Indebtedness in default for failure to pay principal at final maturity or which has been accelerated (in each case with respect to which the 20-day period described above has elapsed), aggregates $20 million or more at any time;

(5) the repudiation by the Company of any of its obligations under any Security Document, or the unenforceability of any Security Document against the Company, if such unenforceability reasonably would be expected to result in a material adverse effect on the Liens granted by the Company pursuant to such Security Documents;

(6) one or more judgments in an aggregate amount in excess of $20 million shall have been rendered against the Company or any of its Restricted Subsidiaries and such judgments remain undischarged, unpaid or unstayed for a period of 60 days after such judgment or judgments become final and non-appealable;

(7) the Company or any Significant Subsidiary of the Company:

(a) commences a voluntary case under any Bankruptcy Law,

(b) consents to the entry of an order for relief against it in an involuntary case,

(c) consents to the appointment of a custodian or receiver of it or for all or substantially all of its property,

(d) makes a general assignment for the benefit of its creditors, or

(e) admits in writing its inability to pay its debts as they become due; or

(8) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(a) is for relief in an involuntary case against the Company or any Significant Subsidiary of the Company;

(b) appoints a custodian or receiver of the Company or any Significant Subsidiary or for all or substantially all of the property of any of the foregoing; or

(c) orders the liquidation of the Company or any of its Significant Subsidiaries;

and the order or decree remains unstayed and in effect for 60 consecutive days.

Section 6.2. Acceleration.

If any Event of Default (other than an Event of Default specified in clause (7) or (8) of Section 6.1 of this Indenture with respect to the Company) shall occur and be continuing, the Trustee or the Holders of at least 25% in principal amount of the then outstanding Notes by written notice to the Company (and the Trustee, if such notice is given by such Holders) may declare the principal of and accrued and unpaid interest on the Notes to be due and payable immediately, which notice shall specify the respective Events of Default and that it is a "Notice of Acceleration". Upon any such declaration, the entire principal amount of, and accrued and unpaid interest and Additional Interest, if any, on the Notes shall become immediately due and payable.

Notwithstanding the foregoing, if an Event of Default specified in clause (7) or (8) of Section 6.1 of this Indenture with respect to the Company occurs and is continuing, then all unpaid principal of, and premium, if any, and accrued and unpaid interest on all of the outstanding Notes shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

The Holders of a majority in principal amount of the then outstanding Notes by written notice to the Company and the Trustee may, on behalf of the Holders of all of the Notes, rescind and cancel such declaration and its consequences:

(1) if the rescission would not conflict with any judgment or decree;

(2) if all existing Events of Default have been cured or waived except nonpayment of principal or interest that has become due solely because of the acceleration;

(3) to the extent the payment of such interest is lawful, interest on overdue installments of interest and overdue principal, which has become due otherwise than by such declaration of acceleration, has been paid;

(4) if the Company has paid the Trustee its reasonable compensation and reimbursed the Trustee for its expenses, disbursements and advances; and

(5) in the event of the cure or waiver of an Event of Default of the type described in Section 6.1(6) of this Indenture, the Trustee shall have received an Officers' Certificate and an Opinion of Counsel that such Event of Default has been cured or waived.

No such rescission shall affect any subsequent Default or Event of Default or impair any right consequent thereto.

Section 6.3. Other Remedies.

If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal, premium, if any, interest or Additional Interest, if any, on the Notes or to enforce the performance of any provision of the Notes or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding, and any recovery or judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Notes. A delay or omission by the Trustee or any Holder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

Section 6.4. Waiver of Past Defaults.

The Holders of a majority in principal amount of the Notes may waive any existing or past Default or Event of Default under this Indenture, and its consequences, except a default in the payment of the principal of or interest on any Notes. Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

Section 6.5. Control by Majority.

Holders of a majority in principal amount of the then outstanding Notes may direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or exercising any trust or power conferred on it. However, the Trustee may refuse to follow any direction that conflicts with applicable law or this Indenture that the Trustee reasonably determines may be unduly prejudicial to the rights of other Holders of Notes or that may subject the Trustee to personal liability and shall be entitled to the benefit of Sections 7.1(3)(c) and 7.1(5) of this Indenture.

Section 6.6. Limitation on Suits.

A Holder of a Note may pursue a remedy with respect to this Indenture or the Notes only if:

(1) the Holder of a Note gives to the Trustee written notice of a continuing Event of Default (other than an Event of Default specified in Section 6.1(7) or 6.1(8));

(2) the Holders of at least 25% in principal amount of the then outstanding Notes make a written request to the Trustee to pursue the remedy;

(3) such Holder or Holders of Notes offer and, if requested, provide to the Trustee indemnity satisfactory to the Trustee against any loss, liability or expense;

(4) the Trustee does not comply with the request within 60 days after receipt of the request and the offer and, if requested, the provision of indemnity; and

(5) during such 60-day period the Holders of a majority in principal amount of the then outstanding Notes do not give the Trustee a direction inconsistent with the request.

A Holder of a Note may not use this Indenture to prejudice the rights of another Holder of a Note or to obtain a preference or priority over another Holder of a Note.

Notwithstanding the foregoing, if an Event of Default specified in clause (7) or (8) of Section 6.1 of this Indenture with respect to the Company occurs and is continuing, then all unpaid principal of, and premium, if any, and accrued and unpaid interest on all of the outstanding Notes shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

Section 6.7. Rights of Holders of Notes to Receive Payment.

Notwithstanding any other provision of this Indenture, the right of any Holder of a Note to receive payment of principal of, or premium, if any, interest or Additional Interest, if any, on the Note, on or after the respective due dates thereon (including in connection with an offer to purchase), or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the written consent of such Holder.

Section 6.8. Collection Suit by Trustee.

If an Event of Default specified in Section 6.l(1) or (2) occurs and is continuing, the Trustee is authorized to recover judgment in its own name and as trustee of an express trust against the Company for the whole amount of principal of, premium and Additional Interest, if any, and interest remaining unpaid on the Notes and interest on overdue principal and, to the extent lawful, interest and Additional Interest, if any, and such further amounts as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expense, disbursements and advances of the Trustee, its agents and counsel.

Section 6.9. Trustee May File Proofs of Claim.

The Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents (including accountants, experts or such other professionals as the Trustee deems necessary, advisable or appropriate) and counsel) and the Holders of the Notes allowed in any judicial proceedings relative to the Company (or any other obligor upon the Notes), its creditors or its property and shall be entitled and empowered to collect, receive and distribute any money or other property payable or deliverable on any such claims, and any custodian in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.7 of this

Indenture. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.7 of this Indenture out of the estate in any such proceeding, shall be denied for any reason, payment of the same shall be secured by a lien on, and shall be paid out of, any and all distributions, dividends, money, securities and other properties that the Holders may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 6.10. Priorities.

If the Trustee collects any money pursuant to this Article, it shall pay out the money in the following order:

First: to the Trustee, its agents and attorneys, and any Collateral Agent, for amounts due under Section 7.7 of this Indenture, including payment of all compensation, expense and liabilities incurred, and all advances made, by the Trustee and the costs and expenses of collection;

Second: to Holders of Notes for amounts due and unpaid on the Notes for principal, Purchase Price, Redemption Price and Additional Interest, if any, and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal, Purchase Price, Redemption Price and Additional Interest, if any, and interest, respectively; and

Third: to the Company, the Guarantors, if any, or to such party as a court of competent jurisdiction shall direct.

The Trustee may fix a special record date and payment date for any payment to Holders of Notes pursuant to this Section 6.10.

Section 6.11. Undertaking for Costs.

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 6.7 of this Indenture, or a suit by Holders of more than 10% in principal amount of the then outstanding Notes.

ARTICLE VII.

TRUSTEE

Section 7.1. Duties of Trustee.

(1) If an Event of Default has occurred and is continuing, the Trustee shall exercise such rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(2) Except during the continuance of an Event of Default:

(a) the duties of the Trustee shall be determined solely by the express provisions of this Indenture and the TIA and the Trustee need perform only those duties that are specifically set forth in this Indenture and no others, and no implied covenants or obligations shall be read into this Indenture or the TIA against the Trustee; and

(b) in the absence of bad faith on its part, the Trustee may conclusively rely, without investigation, as to the truth or the statements and the correctness of the opinions expressed therein, upon and statements, certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee shall examine the certificates and opinions required to be furnished to the Trustee under this Indenture to determine whether or not they conform on their face to the requirements of this Indenture but need not confirm, verify or investigate the accuracy of any mathematical calculations or other facts stated therein.

(3) The Trustee may not be relieved from liabilities for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(a) this paragraph (3) does not limit the effect of paragraph (2) of this Section 7.1;

(b) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(c) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.5 of this Indenture.

(4) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to this Section 7.1.

(5) No provision of this Indenture shall require the Trustee to expend or risk its own funds or incur any liability. The Trustee shall be under no obligation to exercise any of its rights and powers under this Indenture at the request or direction of any Holders, pursuant to the provisions of this Indenture, including, without limitation, Section 6.5, unless such Holder shall have offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense which might be incurred by it in compliance with such request or direction.

(6) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Company. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

Section 7.2. Rights of Trustee.

(1) The Trustee may conclusively rely and shall be protected in acting or refraining from acting upon any document believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in such document.

(2) Before the Trustee acts or refrain from acting, it may require an Officers' Certificate or an Opinion of Counsel or both. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officers' Certificate or Opinion of Counsel. The Trustee may consult with counsel of its choice and the advice of such counsel and Opinions of Counsel shall be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(3) The Trustee may act through its attorneys, accountants, experts and such other professionals as the Trustee deems necessary, advisable or appropriate and shall not be responsible for the misconduct or negligence of any attorney, accountant, expert or other such professional appointed with due care.

(4) The Trustee shall not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within the rights or powers conferred upon it by this Indenture.

(5) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Company shall be sufficiently evidenced by a written order signed by two Officers of the Company.

(6) The Trustee shall not be charged with knowledge of any Default or Event of Default under Section 6.1 of this Indenture (other than under Section 6.1(1) (subject to the following sentence) or Section 6.1(2) of this Indenture) unless either (i) a Responsible Officer shall have actual knowledge thereof, or (ii) the Trustee shall have received notice thereof in accordance with Section 13.2 of this Indenture from the Company or any Holder of the Notes, which notice specifically references the Notes. The Trustee shall not be charged with knowledge of the Company's obligation to pay Additional Interest, or the cessation of such obligation, unless the Trustee receives written notice thereof from the Company or any Holder.

(7) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, directions, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit.

(8) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its rights to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder.

(9) The Trustee may request that the Company deliver an Officers' Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture, which Officers' Certificate may be signed by any Person authorized to sign an Officers' Certificate, including any Person specified as so authorized in any such certificate previously delivered and not superseded.

Section 7.3. Individual Rights of Trustee.

The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Company or any Affiliate of the Company with the same rights it would have if it were not Trustee. However, in the event that the Trustee acquires any conflicting interest within the meaning of the TIA it must eliminate such conflict within 90 days, apply (subject to the consent of the Company) to the Commission for permission to continue as trustee or resign. Any Agent may do the same with like rights and duties. The Trustee is also subject to Sections 7.10 and 7.11 of this Indenture.

Section 7.4. Trustee's Disclaimer.

The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture, or the Notes, it shall not be accountable for the Company's use of the proceeds from the Notes or any money paid to the Company or upon the Company's direction under any provision of this Indenture, it shall not be responsible for the use or application of any money received by any Paying Agent other than the Trustee, and it shall not be responsible for any statement or recital herein or any statement in the Notes or any other document in connection with the sale of the Notes or pursuant to this Indenture other than its certificate of authentication.

Section 7.5. Notice of Defaults.

If a Default or Event of Default occurs and is continuing, the Trustee shall mail to Holders of Notes a notice of the Default or Event of Default within 90 days after it occurs. Except in the case of a Default in payment on any Note (including the failure to make a mandatory purchase pursuant hereto), the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Holders of the Notes.

Section 7.6. Reports by Trustee to Holders of the Notes.

Within 60 days after each June 1 beginning with June 1, 2003, and for so long as Notes remain outstanding, the Trustee shall mail to the Holders of the Notes a brief report dated as of such reporting date that complies with TIA Section 313(a) (but if no event described in TIA Section 313(a) has occurred within the twelve (12) months preceding the reporting date, no report need be transmitted). The Trustee also shall comply with TIA Section 313(b). The Trustee shall also transmit by mail all reports as required by TIA Section 313(c).

A copy of each report at the time of its mailing to the Holders of Notes shall be mailed to the Company and filed with the Commission and each stock exchange on which the Notes are listed in accordance with TIA Section 313(d). The Company shall promptly notify the Trustee when the Notes are listed on any stock exchange.

Section 7.7. Compensation, Reimbursement and Indemnity.

The Company shall pay to the Trustee from time to time such compensation as shall be agreed upon by the Company and the Trustee for its acceptance of this Indenture and the rendering by it of the services required hereunder. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company shall reimburse the Trustee promptly upon request for all reasonable out-of-pocket disbursements, advances and expenses incurred or made by or on behalf of it in addition to the compensation for its services. Such expenses shall include the reasonable compensation, disbursements and expenses of the Trustee's attorneys, accountants, experts and such other professionals as the Trustee reasonably deems necessary, advisable or appropriate.

The Company shall indemnify the Trustee, any predecessor Trustee and their officers, employees and agents against any and all out-of-pocket losses, liabilities or expenses, including taxes (other than taxes based upon, measured by or determined by the income of the Trustee) incurred by it arising out of or in connection with the acceptance or administration of its duties under this Indenture (including its duties under Section 9.6 of this Indenture), including the out-of-pocket costs and expenses of enforcing this Indenture or any Guarantee against the Company or a Guarantor (including this Section 7.7) and defending itself against or investigating any claim (whether asserted by the Company, any Guarantor, any Holder or any other Person) or liability in connection with the exercise or performance of any of its powers or duties hereunder, except to the extent any such loss, liability or expense may be attributable to its negligence or willful misconduct. The Trustee shall notify the Company promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify the Company shall not relieve the Company of its obligations hereunder. The Company shall defend any claim or threatened claim asserted against the Trustee, and the Trustee shall cooperate in the defense. The Trustee shall have the right to employ separate counsel in any such action proceeding and participate in the investigation and defense thereof, and the Company shall pay the reasonable fees and expenses of such separate counsel; provided, however, that the Trustee may only employ separate counsel at the expense of the Company if in the reasonable judgment of the Trustee (i) a conflict of interest exists by reason of common representation or (ii) there are legal defenses available to the Trustee that are different from or are in

addition to those available to the Company or if all parties commonly represented do not agree as to the action (or inaction) of counsel. The Company need not pay for any settlement made without its consent, which consent shall not be unreasonably withheld.

The obligations of the Company under this Section 7.7 shall survive the resignation or removal of the Trustee, the satisfaction and discharge of this Indenture and the termination of this Indenture.

To secure the Company's payment obligations in this Section 7.7, the Trustee shall have a Lien prior to the Notes on all money or property held or collected by the Trustee, except that held in trust to pay principal, Redemption Price or Purchase Price of or Additional Interest, if any, or interest on, particular Notes. Such Lien shall survive the resignation or removal of the Trustee, the satisfaction and discharge of this Indenture and the termination of this Indenture.

When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.1(7) or (8) of this Indenture occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any Bankruptcy Law.

Section 7.8. Replacement of Trustee.

A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 7.8.

The Trustee may resign in writing at any time and be discharged from the trust hereby created by so notifying the Company. The Holders of Notes of a majority in principal amount of the then outstanding Notes may remove the Trustee by so notifying the Trustee and the Company in writing. The Company may remove the Trustee if:

(1) the Trustee fails to comply with Section 7.10 of this Indenture;

(2) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;

(3) a custodian, receiver or public officer takes charge of the Trustee or its property for the purpose of rehabilitation, conversation or liquidation; or

(4) the Trustee becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company shall promptly appoint a successor Trustee. Within one year after the date on which the successor Trustee takes office, the Holders of a majority in principal amount of the then outstanding Notes may appoint a successor Trustee to replace the successor Trustee appointed by the Company.

If a successor Trustee does not take office within 30 days after the retiring trustee resigns or is removed, the retiring Trustee, the Company, or the Holders of Notes of at least 10% in principal amount of the then outstanding Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee, after written request by any Holder of a Note who has been a bona fide holder of a Note or Notes for at least six (6) months, fails to comply with Section 7.10, such Holder of a Note may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The Company shall mail a notice of its succession to Holder of the Notes. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, provided all sums owing to the Trustee hereunder have been paid and subject to the Lien provided for in Section 7.7 of this Indenture. Notwithstanding replacement of the Trustee pursuant to this Section 7.8, the Company's obligations under Section 7.7 of this Indenture shall continue for the benefit of the retiring Trustee.

Section 7.9. Successor Trustee by Merger, Etc.

If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation that is eligible under Section 7.10 of this Indenture, the successor corporation without any further act shall be the successor Trustee.

Section 7.10. Eligibility; Disqualification.

There shall at all times be a Trustee hereunder that is a corporation organized and doing business under the laws of the United States or of any state thereof (including the District of Columbia) that is authorized under such laws to exercise corporate trust power, that is subject to supervision or examination by federal or state authorities and that has a combined capital and surplus of at least $100 million as set forth in its most recent published annual report of condition.

This Indenture shall always have a Trustee who satisfies the requirements of TIA Section 310(a)(1), (2) and (5). The Trustee is subject to TIA Section 310(b).

Section 7.11. Preferential Collection of Claims Against Company.

The Trustee is subject to TIA Section 311(a), excluding any creditor relationship listed in TIA Section 311(b). A Trustee who has resigned or been removed shall be subject to TIA Section 311(a) to the extent indicated therein.

Section 7.12. Concerning the Trustee and the Collateral.

The Trustee shall have no duty to act outside of the United States or the United Kingdom in respect of any Collateral located in the jurisdiction other than the United States or the United Kingdom ("Foreign Collateral") but shall at the specific request of a majority in aggregate principal amount of the Notes or the Company appoint a Person or Persons to act on behalf of the Holders with respect to such Foreign Collateral. Such qualified Person or Persons and the Trustee shall, provided the same are reasonably acceptable to the Trustee, enter into a collateral assignment pledge agreement, mortgage, enforcing document or other security agreement relating to the Lien or Security Interest in such item of Foreign Collateral pursuant to which such Person or Persons shall exercise the rights and remedies of the Trustee and Holders in the Collateral for their respective benefit. The duties and responsibilities of the Trustee with respect to any Person or Persons and any Collateral are limited to those set forth in this Article VII.

Both before and after an Event of Default, the Trustee shall have no duty to supervise or monitor such Collateral Agent or its performance, and no liability for any acts or omissions of such Collateral Agent; provided that (x) if a Responsible Officer has actual knowledge of willful misconduct or negligence of such Collateral Agent, the Trustee may replace such Collateral Agent with a successor Collateral Agent which it may appoint and (y) (i) the Trustee shall satisfy itself that any instructions given by the Trustee to such Collateral Agent have been carried out; (ii) the Trustee shall give to such Collateral Agent such instructions to make effective the Liens granted by the Collateral Documents as the Company may request or, if an Event of Default has occurred, as shall be stated to be necessary in the Opinions of Counsel furnished pursuant to Section 11.2 of this Indenture with respect to the Foreign Collateral with respect to which any such Collateral Agent is acting and the Liens granted therein; (iii) the Trustee shall give notice to such Collateral Agent of any Event of Default of which a Responsible Officer has actual knowledge; and (iv) the Trustee may, but has no obligation to, request information from such Collateral Agent with respect to realization on Foreign Collateral.

Section 7.13. Appointment of Co-Trustee.

It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction denying or restricting the right of banking corporations or associations to transact business as trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture, and in particular in case of the enforcement thereof on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted or take any action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an individual or institution as a separate or co-trustee. The following provisions of this Section 7.13 are adopted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in

such separate or co-trustee but only to the extent necessary to enable such separate or co-trustee to exercise such powers, rights and remedies, and only to the extent that the Trustee by the laws of any jurisdiction is incapable of exercising such powers, rights and remedies and every covenant and obligations necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Should any instrument in writing from the Company be required by the separate or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on reasonable request, be executed, acknowledged and delivered by the Company; provided, that if an Event of Default shall have occurred and be continuing, if the Company does not execute any such instrument within fifteen (15) days after request therefor, the Trustee shall be empowered as an attorney-in-fact for the Company to execute any such instrument in the Company's name and stead, such power to be effective for only such continuance of such Event of Default. In case any separate or co-trustee or a successor to either shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate or co-trustee.

Every separate trustee and co-trustee shall, to the extent permitted by law, be appointed and act subject to the following provisions and conditions:

(1) all rights and powers, conferred or imposed upon the Trustee shall be conferred or imposed upon and may be exercised or performed by such separate trustee or co-trustee; and

(2) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder.

Any notice, request or other writing given to the Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article.

Any separate trustee or co-trustee may at any time appoint the Trustee as its agent or attorney-in-fact with full power and authority, to the extent not prohibited by law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Trustee, to the extent permitted by law, without the appointment of a new or successors trustee.

Section 7.14. Trustee Not Liable for Losses or Damages.

Anything in this Indenture to the contrary notwithstanding, in no event shall the Trustee be liable under or in connection with this Indenture for indirect, special, incidental, punitive or consequential losses or damages of any kind whatsoever, including but not limited to lost profits, whether or not

foreseeable, even if the Trustee has been advised of the possibility thereof and regardless of the form of action in which such damages are sought.

ARTICLE VIII.

LEGAL DEFEASANCE AND COVENANT DEFEASANCE

Section 8.1. Option to Effect Legal Defeasance or Covenant Defeasance.

The Company may, at the option of its Board of Directors evidenced by a resolution set forth in an Officers' Certificate, at any time, elect to have either Section 8.2 or 8.3 of this Indenture be applied to all outstanding Notes upon compliance with the conditions set forth below in this Article VIII.

Section 8.2. Legal Defeasance and Discharge.

Upon the Company's exercise under Section 8.1 of this Indenture of the option applicable to this Section 8.2, the Company and, if any, the Guarantors, shall, subject to the satisfaction of the conditions set forth in Section 8.4 of this Indenture, be deemed to have been discharged from their obligations with respect to all outstanding Notes on the date the conditions set forth below are satisfied (hereinafter, "Legal Defeasance"). For this purpose, Legal Defeasance means that the Company shall be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes, which shall thereafter be deemed to the "outstanding" only for the purposes of Section 8.5 and the other Sections of this Indenture referred to in clauses (1) through (2) below, and to have satisfied all its other obligations under such Notes and this Indenture (and the Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging the same), except for the following provisions which shall survive until otherwise terminated or discharged hereunder:

(1) the rights of Holders to receive payments in respect of the principal of, premium, if any, and interest on the Notes when such payments are due;

(2) the Company's obligations with respect to the Notes concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payments;

(3) the rights, powers, trust, duties and immunities of the Trustee and the Company's obligations in connection therewith; and

(4) the Legal Defeasance provisions of this Article VIII.

Subject to compliance with this Article VIII, the Company may exercise its option under this Section 8.2, notwithstanding the prior exercise of its option under Section 8.3 of this Indenture.

Section 8.3. Covenant Defeasance.

Upon the Company's exercise under Section 8.1 of this Indenture of the option applicable to this Section 8.3, the Company, the Guarantors and the Restricted Subsidiaries of the Company shall, subject to the satisfaction of the conditions set forth in Section 8.4 of this Indenture, be released from its obligations under the covenants contained in Sections 3.9, 3.10, 3.11, 4.3, 4.5, 4.7 through 4.18 of this Indenture, inclusive, and Section 5.1 with respect to the outstanding Notes on and after the date the conditions set forth below are satisfied (hereinafter, "Covenant Defeasance"), and the Notes shall thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or Act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Notes shall not be deemed outstanding for accounting purposes). For this purpose, Covenant Defeasance means that, with respect to the outstanding Notes, the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document, and such omission to comply shall not constitute a Default or an Event of Default under Section 6.1 of this Indenture, but, except as specified above, the remainder of this Indenture and such Notes shall be unaffected thereby. In addition, upon the Company's exercise under Section 8.1 of the option applicable to this Section 8.3, subject to the satisfaction of the conditions set forth in Section 8.4, Sections 6.1(3), and 6.1(5) through 6.1(8) of this Indenture shall not constitute Events of Default.

Section 8.4. Conditions to Legal or Covenant Defeasance.

The following are the conditions precedent to the application of either Section 8.2 or 8.3 of this Indenture to the outstanding Notes:

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders cash in Euros or Government Securities, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, premium, if any, and interest on the Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be, and, in the event that the Trustee at any time determines the amount on deposit is insufficient to pay the principal of, premium, if any, and interest on the Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be, the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders additional cash in Euros or Government Securities, or a combination thereof, in such amounts as will be, together with prior deposit(s), sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, premium, if any, and interest on the Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be;

(2) in the case of Legal Defeasance, the Company shall have delivered to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee confirming that the Holders will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Company shall have delivered to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee confirming that the Holders will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Event of Default shall have occurred and be continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit and the granting of Liens to secure such borrowing and such deposit) or insofar as Events of Default from bankruptcy or insolvency events are concerned, at any time in the period ending on the 91st day after the date of deposit;

(5) such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under, this Indenture or any other material agreement or instrument to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound (other than a breach, violation or default resulting from the borrowing of funds to be applied to such borrowing and such deposit and the granting of Liens to secure such deposit);

(6) the Company shall have delivered to the Trustee an Officers' Certificate stating that the deposit was not made by the Company with the intent of preferring the Holders over any other creditors of the Company or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Company or others;

(7) the Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent specified in this Indenture providing for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with; and

(8) the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that:

(a) either (i) the Company has irrevocably assigned all of its ownership interest in the trust funds to the Trustee or (ii) the Trustee has a valid perfected security interest in the trust fund; and

(b) assuming no intervening bankruptcy of the Company between the date of deposit and the 91st day following the date of deposit and that no Holder is an insider of the Company, after the 91st day following the date of deposit, the trust funds will not be subject to avoidance as a preference under Section 547 of the U.S. Bankruptcy Code.

Notwithstanding the foregoing, the Opinion of Counsel required by clause (2) above with respect to a Legal Defeasance need not be delivered if all Notes not theretofore delivered to the Trustee for cancellation (1) have become due and payable or (2) will become due and payable on the maturity date within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company.

Section 8.5. Deposited Money and Government Securities to Be Held in Trust; Other Miscellaneous Provisions.

Subject to Section 8.6 of this Indenture, all money and Government Securities (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 8.5 only, the "Trustee") pursuant to Section 8.4 of this Indenture in respect of the outstanding Notes shall be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (other than the Company) as the Trustee may determine, to the Holders of such Notes of all sums due and to become due thereon in respect of principal or Redemption Price of, and Additional Interest, if any, interest on, the Notes, that such money need not be segregated from other funds except to the extent required by law.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or Government Securities deposited pursuant to Section 8.4 of this Indenture or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Notes.

Anything in this Article VIII to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon the request of the Company any money or Government Securities held by it as provided in Section 8.4 of this Indenture which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (which may be the opinion delivered under Section 8.4(a) of this Indenture), are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

Section 8.6. Repayment to the Company.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal, Redemption Price or Purchase Price of, or Additional Interest, if any, or interest on any Notes and remaining unclaimed for two (2) years after such amount has become due and payable shall be paid to the Company on its request or (if then held by the Company) shall be discharged from such trust; and the Holder of such Notes shall

thereafter look only to the Company for payment thereof as a general creditor, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, at the expense of the Company, if required by applicable law shall cause to be published once, in The New York Times and The Wall Street Journal (national editions) and, so long as the Series B Notes are listed on the Luxembourg Stock Exchange and it is required by the rules of the Luxembourg Stock Exchange, shall cause the publication of such notice in English in a leading newspaper having general circulation in Luxembourg (which is expected to be the Luxemburger Wort) or, if such publication is not practicable, in one other leading English language daily newspaper with general circulation in Europe, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days after the date of such notification or publication, any unclaimed balance of such money then remaining will be repaid to the Company.

Section 8.7. Reinstatement.

If the Trustee or Paying Agent is unable to apply any Euros or Government Securities in accordance with Section 8.2 or 8.3 of this Indenture, as the case may be, by reason of any order of judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the obligations of the Company under this Indenture, and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 8.2 or 8.3 of this Indenture until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 8.2 or 8.3 of this Indenture, as the case may be; provided, however, that, if the Company makes any payment with respect to any Note following the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money held by the Trustee or Paying Agent.

ARTICLE IX.

AMENDMENT, SUPPLEMENT AND WAIVER

Section 9.1. Without Consent of Holders of Notes.

Notwithstanding Section 9.2 of this Indenture, the Company and the Trustee (and, in the case of the Security Documents to which the Collateral Agent is a party, the Collateral Agent) may amend or supplement this Indenture, the Security Documents or the Notes without the consent of any Holder of a Note:

(1) to cure any ambiguity, defect or inconsistency so long as such changes do not, in the opinion of the Trustee, adversely affect the rights of any of the Holders in any material respect;

(2) to provide for uncertificated notes in addition to or in place of certificated Notes;

(3) to provide for the assumption of the Company's obligations to the Holders of the Notes in the case of a merger or consolidation or sale of all or substantially all of the Company's assets pursuant to Article V of this Indenture;

(4) to comply with the requirements of the Commission in order to effect or maintain the qualification of this Indenture under the TIA; or

(5) to make any change that would provide any additional rights or benefits to the Holders of the Notes or that does not adversely affect the legal rights hereunder of any Holder of the Notes in any material respect.

Upon the request of the Company, accompanied by a resolution of the Board of Directors (evidenced by an Officers' Certificate) authorizing the execution of any such amended or supplemental indenture, and upon receipt by the Trustee of the documents described in Section 7.2(2) of this Indenture, the Trustee shall join with the Company in the execution of any amended or supplemental Indenture authorized or permitted by the terms of this Indenture and to make any further appropriate agreements and stipulations that may be therein contained, but the Trustee shall not be obligated to enter into such amended or supplemental Indenture that affects its own rights, duties or immunities under this Indenture or otherwise.

Section 9.2. With Consent of Holders of Notes.

Except as provided below in this Section 9.2, the Company and the Trustee (and, in the case of the Security Documents to which the Collateral Agent is a party, the Collateral Agent) may amend or supplement this Indenture, the Security Documents (including any amendments that provide for the release of all or a portion of the Collateral as set forth in, and subject to, the conditions herein and in the Security Documents) and the Notes with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a tender offer or exchange offer for the Notes), and, subject to Sections 6.2, 6.4 and 6.7 of this Indenture, any existing Default or Event of Default or compliance with any provision of this Indenture or the Notes may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Notes (including consents obtained in connection with a tender offer or exchange offer for the Notes).

Without the consent of each Holder affected, an amendment or waiver may not (with respect to any Notes held by a non-consenting Holder):

(1) reduce the amount of Notes whose Holders must consent to an amendment;

(2) reduce the rate of or change or have the effect of changing the time for payment of interest, including defaulted interest, on any Notes;

(3) reduce the principal of or change or have the effect of changing the fixed maturity of any Notes, or change the date on which any Notes may be subject to redemption or reduce the redemption price therefor;

(4) make any Notes payable in money other than that stated in the Notes;

(5) make any change in provisions of this Indenture protecting the right of each Holder to receive payment of principal of and interest on such Holder's Note on or after the due date thereof or to bring suit to enforce such payment, or permitting Holders of a majority in principal amount of Notes to waive Defaults or Events of Default;

(6) after the Company's obligation to purchase Notes arises hereunder, amend, change or modify in any material respect the obligation of the Company to make and consummate a Change of Control Offer in the event of a Change of Control or make and consummate a Net Proceeds Offer with respect to any Asset Sale that has been consummated or, after such Change of Control has occurred or such Asset Sale has been consummated, modify any of the provisions or definitions with respect thereto; or

(7) modify or change any provision of this Indenture or the related definitions affecting the ranking of the Indebtedness evidenced by the Notes.

Upon the written request of the Company accompanied by a resolution of the Board (evidenced by an Officers' Certificate) authorizing the execution of any such amended or supplemental indenture, and upon the filing with the Trustee of evidence satisfactory to the Trustee of the consent of the Holders of Notes as aforesaid, and upon receipt by the Trustee of the documents described in Section 7.2(2) of this Indenture, the Trustee shall join with the Company in the execution of such amended or supplemental indenture unless such amended or supplemental indenture affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such amended or supplemental indenture.

It shall not be necessary to obtain the consent of the Holders of Notes under this Section 9.2 to approve the particular form of any proposed amendment or waiver, but it shall be sufficient if such consent approves the substance thereof.

After an amendment, supplement or waiver under this Section 9.2 becomes effective, the Company shall mail to the Holders of Notes affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of the Company to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amended or supplemental Indenture or waiver.

Section 9.3. Compliance with Trust Indenture Act.

Every amendment or supplement to this Indenture or the Notes shall be set forth in a amended or supplemental indenture that complies with the TIA as then in effect.

Section 9.4. Revocation and Effect of Consents.

Until an amendment, supplement or waiver becomes effective, a consent to it by a Holder of a Note is a continuing consent by the Holder of a Note and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. However, any such Holder of a Note or subsequent Holder of a Note may revoke the consent as to its Note if the Trustee receives written notice of revocation before the date the waiver, supplement or amendment becomes effective. An amendment, supplement or waiver becomes effective in accordance with its terms and therefore binds every Holder.

Section 9.5. Notation on or Exchange of Notes.

The Trustee may place an appropriate notation about an amendment, supplement or waiver on any Note thereafter authenticated. The Company, in exchange for all Notes, may issue, and the Trustee shall authenticate, new Notes that reflect the amendment, supplement or waiver.

Failure to make the appropriate notation or issue a new Note shall not affect the validity and effect of such amendment, supplement or waiver.

Section 9.6. Trustee to Sign Amendment, Etc.

The Trustee shall sign any amended or supplemental indenture authorized pursuant to this Article IX if the amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee. The Company may not sign an amendment or supplemental Indenture until the Board of Directors approves such amendment or supplemental indenture. In executing any amended or supplemental indenture, the Trustee shall be entitled to receive, in addition to the documents required by Sections 13.4 and 13.5 of this Indenture, and, subject to Section 7.1, shall be fully protected in relying upon, an Officers' Certificate and an Opinion of Counsel stating that (i) the execution of such amended or supplemental indenture is authorized or permitted by this Indenture, (ii) no Event of Default shall occur as a result of the execution of such Officers' Certificate or the delivery of such Opinion of Counsel and (iii) the amended or supplemental indenture complies with the terms of this Indenture.

ARTICLE X.

SATISFACTION AND DISCHARGE

Section 10.1. Satisfaction and Discharge.

This Indenture will be discharged and will cease to be of further effect (except as set forth below) and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture when:

(1) either:

(a) all the Notes theretofore authenticated and delivered (except lost, stolen or destroyed Notes which have been replaced or paid as provided in Section 2.7 and Notes for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust) have been delivered to the Trustee for cancellation; or

(b) all Notes not theretofore delivered to the Trustee for cancellation have become due and payable and the Company has irrevocably deposited or caused to be deposited with the Trustee funds in an amount sufficient to pay and discharge the entire Indebtedness on the Notes not theretofore delivered to the Trustee for cancellation, for principal of, premium, if any, and interest on the Notes to the date of deposit together with irrevocable instructions from the Company directing the Trustee to apply such funds to the payment thereof at maturity or redemption, as the case may be;

(2) the Company has paid all other sums payable under this Indenture by the Company; and

(3) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel stating that all conditions precedent under this Indenture relating to the satisfaction and discharge of this Indenture have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, the Company's obligations in Sections 2.3, 2.4, 2.6, 2.7, 2.11, 7.7, 7.8, 13.2, 13.3 and 13.4, and the Trustee's and Paying Agent's obligations in Section 10.2 shall survive until the Notes are no longer outstanding. Thereafter, only the Company's obligations in Section 7.7 shall survive.

Section 10.2. Application of Trust Money.

All money deposited with the Trustee pursuant to Section 10.1 shall be held in trust and, at the written direction of the Company, be invested prior to maturity in Government Securities, and applied by the Trustee in accordance with the provisions of the Notes and this Indenture, to the payment, either directly or through any Paying Agent as the Trustee may determine, to the Persons entitled thereto, of the principal (and premium, if any) and interest for the payment of which money has been deposited with the Trustee; but such money need not be segregated from other funds except to the extent required by law.

ARTICLE XI.

COLLATERAL AND SECURITY

Section 11.1. Security Documents.

(1) In order to secure the due and punctual payment of all amounts due under this Indenture and the Notes, the Company has entered into the respective Security Documents to which they are party to create the Security Interests and for related matters.

(2) Each holder of a Note, by accepting a Note, agrees to all of the terms and provisions of the Security Documents, as the same may be amended from time to time pursuant to the provisions of the Security Documents and this Indenture; including but not limited to any powers of attorney provided for therein.

(3) Pursuant to the terms of this Indenture, the Collateral as now or hereafter constituted shall be held by the Trustee or the Collateral Agent for the equal and ratable benefit of the Holders, including Holders of Additional Notes, if any, without preference, priority or distinction of any thereof over any other by reason of difference in time of issuance, sale or otherwise, as security for the Notes, including Additional Notes, if any, and any proceeds realized from the Collateral shall be distributed to the Holders, the Trustee, the Collateral Agent, each other agent employed to act hereunder, or the Company, pursuant to the terms of this Indenture.

(4) The Company shall deliver to the Trustee copies of all documents delivered to the Collateral Agent pursuant to the Security Documents, and shall do or cause to be done all such acts and things as may be necessary or proper, or as may be required by the provisions of the Security Documents, to assure and confirm to the Trustee and any Collateral Agent the Security Interest in the Collateral contemplated hereby or any part thereof, by the Security Documents or any part thereof, as from time to time constituted, so as to render the same available for the security and benefit of this Indenture and of the Notes or Parallel Obligations, as applicable secured thereby, according to the intent and purposes herein and therein expressed.

Section 11.2. Recording, etc.

(1) The Company and the Guarantors, if any, will cause, at their own expense, the Security Documents, this Indenture, the Collateral Agency Agreement, as applicable, and all amendments or supplements thereto or notices or acknowledgments thereof to be registered, recorded and filed or re-recorded, refiled, renewed or acknowledged in such manner and in such place or places, if any, as may be required by law in order fully to preserve and protect the Liens created by the Security Documents on all parts of the Collateral and to effectuate and preserve the Security Interest of the Holders, the Trustee or the Collateral Agent, as applicable.

(2) The Company shall furnish or cause to be furnished to the Trustee:

(a) at the time of execution and delivery of this Indenture, Opinion(s) of Counsel substantially in the form of the Opinion of Counsel delivered on the Issue Date to the Initial Purchasers of the Notes (or the Trustee shall be permitted to rely on such Opinion(s) of Counsel); and

(b) the Company shall furnish to the Trustee, promptly but in no event later than 30 days after the execution and delivery of this Indenture, Opinion(s) of Counsel required by TIA Section 314(b)(1) and thereafter Opinion(s) of Counsel required by TIA Section 314(b)(2).

(3)...The Company and the Guarantors, if any, agree to record and file, at its or their own expense, financing statements (and continuation statements when applicable) with respect to the Collateral now existing or hereafter created meeting the requirements of applicable law in such manner and in such jurisdictions as are necessary to perfect, and maintain the perfection of, the Lien, and deliver a file stamped copy of each such financing statement or other evidence of filing to the Trustee and, if applicable, the Collateral Agent, promptly. Neither the Trustee nor the Collateral Agent shall be under any obligation whatsoever to file such financing or contamination statements or to make any other filing under the UCC in connection therewith.

Section 11.3. Release of Collateral.

(1) The Company will have the right to obtain a release of items of Collateral from the Lien of the Security Documents (the "Released Collateral") subject to a sale or disposition in accordance with this Indenture (including, without limitation, in Section 4.11) and the Trustee or the Collateral Agent, as applicable, will release (or instruct the Collateral Agent to release) the Released Collateral from the Lien of the relevant Security Documents (and notwithstanding any provision of the applicable Security Documents to the contrary) and reconvey the Released Collateral to the Company promptly prior to such sale or disposition upon compliance with the condition that the Company deliver to the Trustee the following and any other documents necessary to effect the release of the Collateral:

(a) Release Notice. A notice (each, a "Release Notice") from the Company (i) describing the proposed Released Collateral, (ii) certifying that if such transfer would constitute an Asset Sale, such Asset Sale complies with the terms and conditions of this Indenture with respect thereto and (iii) accompanied by a counterpart of the instruments proposed to give effect to the release fully executed and acknowledged (if applicable) by all parties thereto other than the Trustee or the Collateral Agent, as applicable, with a copy to the Collateral Agent, if the Collateral Agent is a party to the relevant Security Document;

(b) Officers' Certificate. An Officers' Certificate of the Company stating that (i) all Net Cash Proceeds, if any, from the sale of any of the Released Collateral will be applied pursuant to the provisions of this Indenture in respect of Asset Sales, (ii) there is no Default or Event of Default in effect and continuing on the date thereof, (iii) the release of

the Collateral and the sale or disposition will not result in a Default or Event of Default under Section 6.1, with a copy to the Collateral Agent, if the Collateral Agent is a party to the relevant Security Document;

(c) Opinions of Counsel. An Opinion of Counsel stating that the documents that have been or are therewith delivered to the Trustee and the Collateral Agent, if applicable, in connection with such release conform to the requirements of this Indenture and that all conditions precedent herein provided for such release have been complied with; and

(d) Other Documents. All documentation required by the TIA, if any, prior to the release of Collateral by the Trustee or the Collateral Agent, as applicable, and, in the event there is to be a substitution of property for the Collateral subject to the transfer, all documentation necessary to subject such new Collateral to the Lien of the Security Documents.

(2) Notwithstanding the foregoing provisions of this Section 11.3, the Company may obtain a release of (a) Collateral pursuant to Section 9.2 and (b) any Net Cash Proceeds for the purposes set forth in Section 4.10(c) or as may be required to purchase Notes pursuant to Section 4.10 of this Indenture by directing the Trustee in writing to cause to be applied such Net Cash Proceeds to such purchase in accordance with Section 4.10 of this Indenture, as applicable, and this Article XI.

(3) The Company shall also have the right to obtain releases of Collateral pursuant to, and subject to, Section 9.2.

Section 11.4. Satisfaction and Discharge; Defeasance.

The Company shall be entitled to obtain a full release of all of the Collateral from the Lien of this Indenture and the Security Documents upon compliance with all of the conditions precedent for satisfaction and discharge of this Indenture pursuant to Article X, for a defeasance pursuant to Article VIII or in accordance with, and subject to, Section 9.2. Upon delivery by the Company to the Trustee of an Officers' Certificate and an Opinion of Counsel, each to the effect that all of the conditions precedent have been complied with (which may be the same Officers' Certificate and Opinion of Counsel required by Article VIII), together with such documentation, if any, as may be required by this Indenture or the TIA (including without limitation, TIA Section 3.14(d)) prior to the release of such Collateral, the Trustee shall take all necessary action, at the request and expense of the Company, to release and reconvey, or to ensure that the Collateral Agent shall release and reconvey, to the Company all of the Collateral, and shall deliver, or shall instruct delivery by the Collateral Agent of, such Collateral in its, or their, possession to the Company including, without limitation, the execution and delivery of releases or waivers whenever necessary.

Section 11.5. Additional Collateral.

The Company shall grant to the Trustee or any Collateral Agent a Security Interest in additional Collateral pursuant to Section 4.17 of this Indenture or the Security Documents and shall deliver to the Trustee or a Collateral Agent, as applicable, the following documents:

(1) an instrument or instruments in recordable form or otherwise proper form for the applicable jurisdiction sufficient for the valid creation and perfection, if applicable, of a senior Lien of the Security Documents to cover and create a Security Interest in the additional Collateral; and

(2) Opinion(s) of Counsel in each jurisdiction in which such Collateral is located substantially in the form of the local counsel opinions delivered on the date hereof and otherwise in form and substance satisfactory to the Trustee with respect to the documents executed and delivered by the Company and the Collateral encumbered thereby.

Any such additional Collateral shall be pledged to the Trustee or a Collateral Agent, directly or indirectly, on behalf of all Holders pursuant to the terms of this Indenture, regardless of the enforceability of such pledge in respect to any specific series of Notes issued under this Indenture or any amendments or supplements hereto.

Section 11.6. Trust Indenture Act Requirements.

The release of any Collateral pursuant to Article X or XI, from the Lien of any of the Security Documents or the release of, in whole or in part, the Liens created by any of the Security Documents, will not be deemed to impair the Security Interests in contravention of the provisions hereof if and to the extent the Collateral or Liens are released pursuant to the applicable Security Documents and pursuant to the terms hereof. The Trustee and each of the Holders of the Notes acknowledge that a release of Collateral or Liens strictly in accordance with the terms of the Security Documents and the terms hereof will not be deemed for any purpose to be an impairment of the Security Interests in contravention of the terms of this Indenture. To the extent applicable, without limitation, the Company and the Guarantors, if any, on the Notes shall cause TIA Section 314(d) relating to the release of property or securities from the Liens hereof and of the Security Documents to be complied with. Any certificate or opinion required by TIA Section 314(d) may be made by an Officer of the Company, except in cases in which TIA Section 314(d) requires that such certificate or opinion be made by an independent Person.

Section 11.7.
Authorization of Actions to be Taken by the Trustee
or the Collateral Agent Under the Security Documents.

Subject to the provisions of the Security Documents:

(a) The Trustee or a Collateral Agent, as applicable may, in its sole discretion and without the consent of the Holders, take all actions it deems necessary or appropriate in order to (i) enforce any of the terms of the Security Documents and (ii) collect and receive any and all amounts payable in respect of the Obligations of the Company and the Guarantors, if any, hereunder and under the Security Documents; and

(b) Each of the Trustee and the Collateral Agent shall have power to institute and to maintain such suits and proceedings as they may deem expedient to prevent any impairment of the Collateral by any acts which may be unlawful or in violation of any of the Security Documents or this Indenture, and

such suits and proceedings as the Trustee or the Collateral Agent, as applicable, may deem expedient to preserve or protect its interests and the interests of the Holders of the Notes, the Trustee or the Collateral Agent, as applicable, in the Collateral (including power to institute and maintain suits or proceedings to restrain the enforcement of or compliance with any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the Security Interests or be prejudicial to the interests of the Holders of the Notes, the Trustee or the Collateral Agent, as applicable).

Section 11.8. Release Upon Termination of the Company's Obligations.

In the event that the Company delivers an Officers' Certificate and Opinion of Counsel certifying that its obligations under this Indenture have been satisfied and discharged by complying with the provisions of Article X, together with any documentation, if any, as may be required by this Indenture or the TIA (including, without limitation, TIA Section 314(d)) prior to the release of the Collateral, the Trustee or the Collateral Agent, as applicable, shall (i) execute and deliver such releases, termination statements and other instruments (in recordable form, where appropriate) as the Company, may reasonably request evidencing the termination of the Security Interests created by the Security Documents and (ii) not be deemed to hold the Security Interests for its benefit and the benefit of the Holders of the Notes.

Section 11.9. Intercreditor Agreement.

Prior to, and as a condition to, the creation or imposition of any consensual Lien (other than that in favor of the Holders, the Trustee or the Collateral Agent) on the Collateral, the Company, the Trustee and the proposed holder of such Lien will enter into an intercreditor agreement, in form and substance reasonably satisfactory to the Trustee and the Company, and the Trustee is hereby authorized to enter into such intercreditor agreements.

Section 11.10. Limitation on Duty of Trustee and Collateral Agent of Collateral; Indemnification.

(a) Beyond the exercise of reasonable care in the custody thereof, neither the Trustee nor the Collateral Agent shall have any duty as to any Collateral in its possession or control or in the possession or control of any agent or bailee or any income thereon or as to preservation of rights against prior parties or any other rights pertaining thereto and neither the Trustee nor the Collateral Agent shall be responsible for filing any financing or continuation statements or recording any documents or instruments in any public office at any time or times or otherwise perfecting or maintaining the perfection of any security interest in the Collateral. The Trustee and Collateral Agent shall be deemed to have exercised reasonable care in the custody of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which it accords its own property and shall not be liable or responsible for any loss or diminution in the value of any of the Collateral, by reason of the act or omission of any carrier, forwarding agency or other agent or bailee selected by the Trustee or the Collateral Agent in good faith.

(b) Neither the Trustee nor the Collateral Agent shall be responsible for the existence, genuineness or value of any of the Collateral or for the validity, perfection, priority or enforceability of the Liens in any of the Collateral, whether impaired by operation of law or by reason of any of any action or omission to act on its part hereunder, except to the extent such action or omission constitutes negligence, bad faith or willful misconduct on the part of the Trustee or the Collateral Agent, as applicable, for the validity or sufficiency of the Collateral or any agreement or assignment contained therein, for the validity of the title of the Company to the Collateral, for insuring the Collateral or for the payment of taxes, charges, assessments or Liens upon the Collateral or otherwise as to the maintenance of the Collateral.

(c) The Company shall indemnify the Collateral Agent as set forth in the Collateral Agency Agreement.

ARTICLE XII.

APPLICATION OF TRUST MONIES

Section 12.1. Collateral Account

On the date of this Indenture there shall be established and, at all times hereafter until this Indenture shall have terminated, there shall be maintained with the Trustee a collateral account (the "Collateral Account"). The Collateral Account shall be established and maintained by the Trustee at its Corporate Trust Office. All Trust Monies which are received by the Trustee or the Collateral Agent shall be deposited in the Collateral Account and thereafter shall be held by and under the sole dominion and control of the Trustee for its benefit and for the benefit of the Holders as a part of the Collateral and, upon any sale or other disposition of the Collateral or any part thereof pursuant to any of the Security Documents, said Trust Monies shall be applied in accordance with Section 6.10; but prior to any such sale or other disposition, all or any part of the Trust Monies may be withdrawn, and shall be released, paid or applied by the Trustee in accordance with the terms of this Indenture.

Section 12.2. Investment of Trust Monies

So long as no Event of Default shall have occurred and is continuing, all or any part of any Trust Monies held by the Trustee shall from time to time be invested or reinvested by the Trustee in any Cash Equivalents upon the Company's written request, which shall specify the Cash Equivalents in which such Trust Monies shall be invested and shall certify that such investments constitute Cash Equivalents and the Trustee shall sell any such Cash Equivalent only upon receipt of a written request from the Company specifying the particular Cash Equivalent to be sold. So long as no Event of Default occurs and is continuing, any interest or dividends accrued, earned or paid on such Cash Equivalents (in excess of any accrued interest or dividends paid at the time of purchase) that may be received by the Trustee shall be forthwith paid to the Company. Such Cash Equivalents shall be held by the Trustee as a part of the Collateral, subject to the same provisions hereof as the cash used by it to purchase such Cash Equivalents.

The Trustee shall not be liable or responsible for any loss resulting from such investments or sales except only for its own negligent action, its own negligent failure to act or its own willful misconduct in complying with this Section 12.2.

ARTICLE XIII.

MISCELLANEOUS

Section 13.1. Trust Indenture Act Controls.

If any provision hereof limits, qualifies or conflicts with a provision of the TIA or another provision that would be required or deemed under such Act to be part of and govern this Indenture if this Indenture were subject thereto, the latter provision shall control. If any provision of this Indenture modifies or excludes any provision of the TIA that may be so modified or excluded, the latter provision shall be deemed to apply to this Indenture as so modified or to be excluded, as the case may be.

Section 13.2. Notices.

Any notice or communication by the Company or the Trustee to others is duly given if in writing and delivered in Person or mailed by first class mail (registered or certified, return receipt requested), telex, telecopier or overnight air courier guaranteeing next day delivery, to the others' address:

If to the Company:

Kronos International, Inc.
16825 North Chase Drive
Suite 1200
Houston, Texas 77060
Attention: Robert D. Hardy
Fax: (281) 423-3333

With a copy to:

Locke Liddell & Sapp LLP
2200 Ross Avenue
Suite 2200
Dallas, Texas 75201
Attention: Don M. Glendenning, Esq.
Fax: (214) 756-8623

If to the Trustee:

The Bank of New York
101 Barclay Street
New York, New York 10286
Attention: Global Finance Unit
Fax: (212) 235-2530

The Company or the Trustee, by notice to the others, may designate additional or different addresses for subsequent notices or communications.

All notices and communications (other than those sent to Holders) shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five (5) Business Days after being deposited in the mail, postage prepaid, if mailed; when answered back, if telexed; when receipt acknowledged, if telecopied; and the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery.

Any notice or communication to a Holder shall be mailed by first class mail, certified or registered, return receipt requested, or by overnight air courier guaranteeing next day delivery to its address shown on the register kept by the Registrar. Any notice or communication shall also be so mailed to any Person described in TIA Section 313(c), to the extent required by the TIA. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders.

If a notice or communication is mailed in the manner provided above within the time prescribed, it is duly given, whether or not the address receives it.

If the Company mails a notice or communication to Holders, it shall mail a copy to the Trustee and each Agent at the same time.

So long as the Series B Notes are listed on the Luxembourg Stock Exchange and it is required by the rules of the Luxembourg Stock Exchange, publication of such notice to the Holders of the Series B Notes shall be made in English in a leading newspaper having general circulation in Luxembourg (which is expected to be the Luxemburger Wort) or, if such publication is not practicable, in one other leading English language daily newspaper with general circulation in Europe, such newspaper being published on each business day in morning editions, whether or not it shall be published on Saturday, Sunday or holiday editions.

Section 13.3. Communication by Holders of Notes with Other Holders of Notes.

Holders may communicate pursuant to TIA Section 312(b) with other Holders with respect to their rights under this Indenture or the Notes. The Company, the Trustee, the Registrar and anyone else shall have the protection of TIA Section 312(c).

Section 13.4. Certificate and Opinion as to Conditions Precedent.

Upon any request or application by the Company and/or any Guarantor to the Trustee to take any action under this Indenture, the Company and/or any Guarantor shall furnish to the Trustee:

(1) an Officers' Certificate in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 13.5 of this Indenture) stating that, in the opinion of the signers, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been satisfied; and

(2) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 13.5 of this Indenture) stating that, in the opinion of such counsel, all such conditions precedent and covenants have been satisfied.

Section 13.5. Statements Required in Certificate or Opinion.

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (other than a certificate provided pursuant to TIA Section 314(a)(4)) shall comply with the provisions of TIA Section 314(e) and shall include:

(1) a statement that the Person making such certificate or opinion has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of such Person, he or she has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been satisfied; and

(4) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been satisfied.

Section 13.6. Rules by Trustee and Agents.

The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

Section 13.7. No Personal Liability of Directors, Officers, Employees and Stockholders.

No past, present or future director, officer, employee, incorporator, agent or stockholder or Affiliate of the Company, as such, shall have any liability for any obligations of the Company under the Notes, this

Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. No past, present or future director, officer, employee, incorporator, agent or stockholder or Affiliate of any of the Guarantors, as such, shall have any liability for any obligations of the Guarantors under the Guarantees, this Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes and Guarantees by accepting a Note and a Guarantee waives and releases all such liabilities. The waiver and release are part of the consideration for issuance of the Notes and the Guarantees. Such waiver may not be effective to waive liabilities under the federal securities law and it is the view of the Commission that such a waiver is against public policy.

Section 13.8. Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.

THIS INDENTURE, THE GUARANTEES AND THE NOTES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAW OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY. THE COMPANY AND EACH GUARANTOR HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY NEW YORK STATE COURT SITTING IN THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK OR ANY FEDERAL COURT SITTING IN THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK IN RESPECT OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE GUARANTEES AND THE NOTES, AND IRREVOCABLY ACCEPTS FOR ITSELF AND IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, NON-EXCLUSIVE JURISDICTION OF THE AFORESAID COURTS. THE COMPANY AND EACH GUARANTOR IRREVOCABLY WAIVES, TO THE FULLEST EXTENT THAT IT MAY EFFECTIVELY DO SO UNDER APPLICABLE LAW, TRIAL BY JURY AND ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT AND ANY CLAIM THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. NOTHING HEREIN SHALL AFFECT THE RIGHT OF THE TRUSTEE OR ANY HOLDER OF THE NOTES TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST THE COMPANY OR ANY GUARANTOR IN ANY OTHER JURISDICTION.

Section 13.9. No Adverse Interpretation of Other Agreements.

This Indenture may not be used to interpret any other indenture, loan or debt agreement of the Company or its Subsidiaries or of any other Person. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

Section 13.10. Judgment Currency.

The Company and the Guarantors, if any, jointly and severally, agree to indemnify the Holders and each person, if any, who controls any Holder within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act against any loss incurred, as incurred, as a result of any judgment or award against the Company or such Guarantor in connection with this Indenture being expressed in a currency (the "Judgment Currency") other than Euros and as a result of any variation as between (i) the spot rate of exchange in London at which the Judgment Currency could have been converted into Euro as of the date such judgment or award is paid and (ii) the spot rate of exchange at which the indemnified party converts such Judgment Currency; provided, however, that the liability of the Company and the Guarantors, if any, to the indemnified party under this Section 13.10 shall be limited to that which would have arisen if the indemnified party had acted promptly to convert such judgment or award from the Judgment Currency into Euros. The foregoing indemnity shall constitute a separate and independent obligation of the Company and the Guarantors, if any, and shall continue in full force and effect notwithstanding any such judgment or order as aforesaid. The term "spot rate of exchange" shall include any premiums and costs of exchange payable in connection with the purchase of, or conversion into, the relevant currency.

Section 13.11. Successors.

All agreements of the Company in this Indenture and the Notes shall bind their successors. All agreements of the Trustee in this Indenture shall bind its successors.

Section 13.12. Severability.

In case any provision in this Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 13.13. Counterpart Originals.

The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

Section 13.14. Table of Contents, Headings, Etc.

The Table of Contents, Cross-Reference Table and Headings of the Articles and Sections of this Indenture, which have been inserted for convenience of reference only, are not to be considered a part of this Indenture and shall in no way modify or restrict any of the terms or provisions hereof.

Section 13.15. Qualification of Indenture.

The Company shall qualify this Indenture under the TIA in accordance with the terms and conditions of the Registration Rights Agreement and shall pay all reasonable out-of-pocket costs and expenses (including attorneys' fees for

the Company, the Trustee and the Holders of the Notes) incurred in connection therewith, including, but not limited to, costs and expenses of qualification of this Indenture and the Notes and printing this Indenture and the Notes. The Trustee shall be entitled to receive from the Company any such Officers' Certificates, Opinions of Counsel or other documentation as it may reasonably request in connection with any such qualification of this Indenture under the TIA.

[Signatures on following pages]

SIGNATURES

KRONOS INTERNATIONAL, INC.

By: /s/ Robert D. Hardy

Name: Robert D. Hardy
Title: Vice President and Chief Financial Officer

By: /s/ John St. Wrba

Name: John St. Wrba
Title: Assistant Treasurer

THE BANK OF NEW YORK,
as Trustee

By: /s/ Luis Perez

Name: Luis Perez
Title: Assistant Vice President

EXHIBIT A

FORM OF SERIES A NOTE

(Face of Note)

KRONOS INTERNATIONAL, INC.

8 7/8% SENIOR SECURED NOTE DUE 2009

[THIS NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE OF A DEPOSITARY OR A SUCCESSOR DEPOSITARY. THIS NOTE IS NOT EXCHANGEABLE FOR NOTES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE, AND NO TRANSFER OF THIS SECURITY (OTHER THAN A TRANSFER OF THIS SECURITY AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY) MAY BE REGISTERED EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

THIS GLOBAL NOTE IS HELD BY THE COMMON DEPOSITORY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTIONS 2.1, 2.6, 2.7, 3.3, 4.10 AND 4.15 OF THE INDENTURE, (II) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.6 OF THE INDENTURE, (III) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE AND (IV) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITORY WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY.1

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH BELOW. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT), (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT

1 To be included only if the Note is issued in global form.

OR (C) IT IS AN ACCREDITED INVESTOR (AS DEFINED IN RULE 501(a)(1), (2), (3), OR (7) UNDER THE SECURITIES ACT (AN "ACCREDITED INVESTOR"), (2) AGREES THAT IT WILL NOT WITHIN TWO YEARS AFTER THE ORIGINAL ISSUANCE OF THIS NOTE RESELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) TO KRONOS INTERNATIONAL, INC. OR ANY SUBSIDIARY THEREOF, (B) INSIDE THE UNITED STATES TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) INSIDE THE UNITED STATES TO AN ACCREDITED INVESTOR THAT, PRIOR TO SUCH TRANSFER, FURNISHES (OR HAS FURNISHED ON ITS BEHALF BY A U.S. BROKER-DEALER) TO THE TRUSTEE A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THIS SECURITY (THE FORM OF WHICH LETTER CAN BE OBTAINED FROM THE TRUSTEE FOR THIS SECURITY), (D) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT (IF AVAILABLE), (E) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), (F) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL IF KRONOS INTERNATIONAL, INC. SO REQUESTS), OR (G) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND IN ADVANCE OF SUCH TRANSFER. IN CONNECTION WITH ANY TRANSFER OF THIS SECURITY WITHIN TWO YEARS AFTER THE ORIGINAL ISSUANCE OF THIS SECURITY, IF THE PROPOSED TRANSFEREE IS AN ACCREDITED INVESTOR, THE HOLDER MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE TRUSTEE AND KRONOS INTERNATIONAL, INC. SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS EITHER OF THEM MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANING GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

KRONOS INTERNATIONAL, INC.
8 7/8% SENIOR SECURED NOTE DUE 2009

ISIN Co. ----------
Common Code ----------
No. (euro)
-------- ----------

Interest Payment Dates: June 30 and December 30
Record Dates: June 15 and December 15

KRONOS INTERNATIONAL, INC., a Delaware corporation (the "Company," which term includes any successor corporation under the Indenture hereinafter referred to), for value received promises to pay to The Bank of New York Depository (Nominees) Limited or registered assigns, the principal sum of _____ Euro on June 30, 2009.

Reference is hereby made to the further provisions of this Note set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Note shall not be entitled to any benefits under the Indenture referred to on the reverse hereof or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this Note to be duly executed under its corporate seal.

Dated:

KRONOS INTERNATIONAL, INC.

By:

Name:
Title:

By:

Name:
Title:

This is one of the Notes referred to
in the within-mentioned Indenture:

THE BANK OF NEW YORK
as Trustee

By:

Authorized Signatory

(Back of Note)

8 7/8% Senior Secured Notes due 2009

Capitalized terms used herein shall have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

1. Interest. The Company promises to pay interest on the principal amount of this Note at the rate of 8 7/8% per annum from the date of original issuance until maturity and shall pay the Additional Interest pursuant to the Registration Rights Agreement referred below. The Company will pay interest and Additional Interest semi-annually on June 30 and December 30 of each year, or if any such day is not a Business Day, on the next succeeding Business Day (each an "Interest Payment Date"). Interest on the Note will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of issuance; provided that if there is no existing Default in the payment of interest, and if this Note is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date; provided, further, that the first Interest Payment Date shall be December 30, 2002. The Company shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue payments of the principal, Purchase Price and Redemption Price of this Note from time to time on demand at a rate that is 1% per annum in excess of the rate then in effect; it shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest and Additional Interest, if any, (without regard to any applicable grace periods) hereon from time to time on demand at the same rate to the extent lawful. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

2. Method of Payment. The Company will pay interest on the Notes (except defaulted interest) and Additional Interest, if any, to the Persons who are registered Holders of Notes at the close of business on the June 15 and December 15 next preceding the Interest Payment Date, even if such Notes are canceled after such record date and on or before such Interest Payment Date, except as provided in Section 2.12 of the Indenture with respect to defaulted interest. Any such installment of interest or Additional Interest, if any, not punctually paid or duly provided for shall forthwith cease to be payable to the registered Holders on such Interest Payment Date, and may be paid to the registered Holders at the close of business on a special interest payment date to be fixed by the Trustee for the payment of such defaulted interest, notice whereof shall be given to the registered Holders not less than 10 days prior to such special interest payment date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Notes may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture. The Notes will be payable as to principal, Redemption Price, Purchase Price, interest and Additional Interest, if any, at the office or agency of the Company maintained for such purpose within or without the City and State of New York, or, at the option of the Company, payment of interest and Additional Interest may be made by check mailed to the Holders at their addresses set forth in the register of Holders, provided that payment by wire transfer of immediately available funds will be required with respect to principal, Redemption Price and Purchase Price of, and interest and Additional Interest (if any) on, all Global Notes and all other Notes the Holders of which shall have provided wire transfer instructions to the Trustee or the Paying Agent. Such payment shall be in such coin or

currency of the European Union as at the time of payment is legal tender for payment of public and private debts.

3. Paying Agent and Registrar. Initially, The Bank of New York, the Trustee under the Indenture, will act as Paying Agent and Registrar. The Company may change any Paying Agent or Registrar without notice to any Holder. The Company may act in any such capacity.

4. Indenture. The Company issued (euro)285 million in aggregate principal amount of the Notes under an Indenture dated as of June 28, 2002 (the "Indenture") between the Company and the Trustee. The Company shall be entitled to issue Additional Notes (as defined in the Indenture) pursuant to Section 2.16 of the Indenture. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (15 U.S.C. Code Sections 77aaa-77bbbb). The Notes are subject to all such terms, and Holders are referred to the Indenture and such Act for a statement of such terms. The Notes are general obligations of the Company. By purchasing the Notes, each Holder acknowledges and agrees to benefit from and be bound by the terms and conditions of the Indenture.

5. Optional Redemption. Except as described below, the Notes are not redeemable before December 30, 2005. Thereafter, the Company may redeem the Notes at any time on or after December 30, 2005 at its option, in whole or in part, upon not less than 30 nor more than 60 days notice, at the following redemption prices (expressed as percentages of the principal amount thereof) if redeemed during the twelve-month period (or, in the case of the period commencing on December 30, 2008, six-month period) commencing on December of the year set forth below:

Year	Percentage
2005.....	104.437%
2006.....	102.958%
2007.....	101.479%
2008 and thereafter.....	100.000%

In addition, the Company must pay accrued and unpaid interest on the Notes redeemed.

6. Special Redemption. (a) At any time, or from time to time, on or prior to June 30, 2005, the Company, at its option, may use the net cash proceeds of one or more Public Equity Offerings to redeem up to 35% of the principal amount of the Notes, including the original principal amount of any Additional Notes, issued under the Indenture at a Redemption Price of 108.875% of the principal amount thereof plus accrued and unpaid interest and Additional Interest, if any, to the date of redemption; provided that (1) at least 65% of the principal amount of Notes, including the original principal amount of any Additional Notes, issued under the Indenture remain outstanding immediately after any such redemption; and (2) such redemption shall occur within 90 days after the date of closing of the applicable Public Equity Offering.

(b) At any time on or prior to December 30, 2005, the Notes may also be redeemed or purchased (by the Company or any other Person) in whole but not in part, at the Company's option, upon the occurrence of a Change of Control, at

a price equal to 100% of the principal amount thereof plus the Applicable Premium as of, and accrued but unpaid interest, if any, to, the date of redemption or purchase (the "Redemption Date") (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date). Such redemption or purchase may be made upon notice mailed by first-class mail to each Holder's registered address, not less than 30 nor more than 60 days prior to the Redemption Date (but in no event shall such notice be mailed more than 180 days after the occurrence of such Change of Control). The Company may provide in such notice that payment of such price and performance of the Company's obligations with respect to such redemption or purchase may be performed by another Person. Any such notice may be given prior to the occurrence of the related Change of Control, and any such redemption, purchase or notice may, at the Company's discretion, be subject to the satisfaction of one or more conditions precedent, including but not limited to the occurrence of the related Change of Control.

7. Mandatory Redemption. Except as set forth in Paragraph 9 below with respect to purchases of Notes in certain events, the Company shall not be required to make mandatory redemption payments with respect to the Notes.

8. Notice of Redemption or Purchase. Subject to the provisions of the Indenture, a notice of redemption will be mailed at least 30 days but not more than 60 days before the Redemption Date to each Holder whose Notes are to be redeemed at its registered address. Notes in denominations larger than (euro)1,000 may be redeemed or purchased in part but only in whole multiples of (euro)1,000, unless all of the Notes held by a Holder are to be redeemed or purchased. On and after the Redemption Date interest ceases to accrue on Notes or portions thereof called for redemption or purchase.

9. Purchase at Option of Holder.

(a) Upon the occurrence of a Change of Control, each Holder will have the right to require that the Company purchase all or a portion of such Holder's Notes, at a purchase price equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest and Additional Interest, if any, to the date of purchase. Such purchase shall be made upon notice mailed by first-class mail within 60 days following the date upon which the Change of Control occurred to each Holder, with a copy to the Trustee, which notice shall govern the terms of the Change of Control Offer. Such notice shall state, among other things, the purchase date, which must be no earlier than 30 days nor later than 45 days from the date such notice is mailed, other than as may be required by law (the "Change of Control Payment Date"). In the event of a Change of Control, the Company will also publish a notice of the offer to purchase in accordance with the procedures described under Section 13.2 of the Indenture. Holders electing to have a Note purchased pursuant to a Change of Control Offer will be required to surrender the Note, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Note completed, to the Paying Agent at the address specified in the notice prior to the close of business on the third Business Day prior to the Change of Control Payment Date.

(b) On the 366th day after an Asset Sale or such earlier date, if any, as the Board of Directors of the Company or of an applicable Restricted Subsidiary determines not to apply the Net Cash Proceeds relating to such Asset Sale as set forth in Section 4.10(1)(c)(i), (1)(c)(ii) and (1)(c)(iii) of the Indenture (each, a "Net Proceeds Offer Trigger Date"), the aggregate amount of Net Cash Proceeds which have not been applied on or before such Net Proceeds

Offer Trigger Date as permitted in Section 4.10(1) (c)(i), (1)(c)(ii) and (1)(c)(iii) of the Indenture (each, a "Net Proceeds Offer Amount") shall be applied by the Company or such Restricted Subsidiary to make an offer to purchase (the "Net Proceeds Offer") to all Holders and, on a Purchase Date not less than 30 nor more than 45 days following the applicable Net Proceeds Offer Trigger Date, from all Holders on a pro rata basis, that amount of Notes to be purchased, plus accrued and unpaid interest thereon, if any, to the Purchase Date; provided, however, that if at any time any non-cash consideration received by the Company or any Restricted Subsidiary of the Company, as the case may be, in connection with any Asset Sale is converted into or sold or otherwise disposed of for cash (other than interest received with respect to any such non-cash consideration), then such conversion or disposition shall be deemed to constitute an Asset Sale under the Indenture and the Net Cash Proceeds thereof shall be applied in accordance with Section 4.10 of the Indenture.

(c) Each Net Proceeds Offer will be mailed to the record Holders as shown on the register of Holders within 25 days following the Net Proceeds Offer Trigger Date, with a copy to the Trustee, and shall comply with the procedures set forth in the Indenture. Upon receiving notice of the Net Proceeds Offer, Holders may elect to tender their Notes in whole or in part in integral multiples of (euro)1,000 in exchange for cash. To the extent Holders properly tender Notes in an amount exceeding the Net Proceeds Offer Amount, Notes of tendering Holders will be purchased on a pro rata basis (based on amounts tendered). A Net Proceeds Offer shall remain open for a period of 20 Business Days or such longer period as may be required by law.

10. Denominations, Transfer, Exchange. The Notes are in registered form without coupons in denominations of (euro)1,000 and integral multiples of (euro)1,000. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Company need not exchange or register the transfer of any Note or portion of a Note selected for redemption, except for the unredeemed portion of any Note being redeemed in part. Also, it need not exchange or register the transfer of any Notes for a period of 15 days before a selection of Notes to be redeemed or during the period between a record date and the corresponding Interest Payment Date.

11. Persons Deemed Owners. The registered Holder of a Note may be treated as its owner for all purposes.

12. Amendment, Supplement and Waiver. Subject to certain exceptions, the Indenture and the Notes may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the then outstanding Notes, and any existing default or compliance with any provision of the Indenture or the Notes may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Notes. Without the consent of any Holder of a Note, the Indenture and the Notes may be amended or supplemented to cure any ambiguity, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes, to provide for the assumption of the Company's obligations to Holders of the Notes in case of a merger or consolidation, to make any change that would provide any additional rights or benefits to the Holders of the Notes or that does not adversely affect the legal rights under the Indenture of any such Holder, or to

comply with the requirements of the Commission in order to effect or maintain the qualification of the Indenture under the Trust Indenture Act.

13. Defaults and Remedies. Each of the following constitutes an "Event of Default": (i) the failure to pay interest on any Notes when the same becomes due and payable and the default continues for a period of 30 days; (ii) the failure to pay the principal on any Note, when such principal becomes due and payable, at maturity, upon redemption or otherwise (including the failure to make a payment to purchase Notes tendered pursuant to a Change of Control Offer or a Net Proceeds Offer); (iii) a default in the observance or performance of any other covenant or agreement contained in the Indenture or any Security Document which default continues for a period of 45 days after the Company receives written notice specifying the default (and demanding that such default be remedied) from the Trustee or the Holders of at least 25% of the outstanding principal amount of the Notes (except in the case of a default with respect to Section 5.1 of the Indenture, which will constitute an Event of Default with such notice requirement but without such passage of time requirement); (iv) the failure to pay at final maturity (giving effect to any applicable grace periods and any extensions thereof) the principal amount of any Indebtedness of the Company or any Restricted Subsidiary of the Company, or the acceleration of the final stated maturity of any such Indebtedness (which acceleration is not rescinded, annulled or otherwise cured within 20 days of receipt by the Company or such Restricted Subsidiary of notice of any such acceleration) if the aggregate principal amount of such Indebtedness, together with the principal amount of any other such Indebtedness in default for failure to pay principal at final maturity or which has been accelerated (in each case with respect to which the 20-day period described above has elapsed), aggregates $20 million or more at any time; (v) the repudiation by the Company of any of its obligations under any Security Document, or the unenforceability of any Security Document against the Company if such unenforceability reasonably would be expected to result in a material adverse effect on the Liens granted by the Company pursuant to such Security Documents; (vi) one or more judgments in an aggregate amount in excess of $20 million shall have been rendered against the Company or any of its Restricted Subsidiaries and such judgments remain undischarged, unpaid or unstayed for a period of 60 days after such judgment or judgments become final and non-appealable; or (vii) certain events of bankruptcy affecting the Company or any of its Significant Subsidiaries. Upon any such declaration, the entire principal amount of, and accrued and unpaid interest and Additional Interest, if any, on the Notes shall become immediately due and payable. Notwithstanding the foregoing, in the case of an Event of Default arising from certain events of bankruptcy or insolvency, all outstanding Notes will become due and payable without further action or notice. Holders may not enforce the Indenture or the Notes except as provided in the Indenture. Subject to certain limitations, Holders of a majority in principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders of the Notes notice of any continuing Default or Event of Default (except a Default or Event of Default relating to payment on any Note) if it determines that withholding notice is in their interest. The Holders of a majority in principal amount of the Notes may waive any existing or past Default or Event of Default under the Indenture, and its consequences, except a default in the payment of the principal of, or interest on any Notes. The Company is required to deliver to the Trustee annually a statement regarding compliance with the Indenture, and the Company is required upon becoming aware of any Default or Event of Default, to deliver to the Trustee a statement specifying such Default or Event of Default.

14. Trustee Dealings with Company. Subject to certain limitations, the Trustee under the Indenture, in its individual or any other capacity, may become owner or pledge of Notes and may otherwise deal with the Company or its Affiliates as if it were not Trustee.

15. No Recourse Against Others. No past, present or future director, officer, employee, incorporator or stockholder of the Company, as such, shall have any liability for any obligations of the Company under the Notes or the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes.

16. Authentication. This Note shall not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

17. Abbreviations. Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

18. Discharge Prior to Maturity. If the Company deposits with the Trustee or Paying Agent cash or Government Securities sufficient to pay the principal or Redemption Price of, and interest and Additional Interest, if any, on, the Notes to maturity or a specified Redemption Date and satisfies certain conditions specified in the Indenture, the Company will be discharged from the Indenture, except for certain Sections thereof.

19. Governing Law. The Indenture, the Guarantees and this Note shall be governed by and construed in accordance with the laws of the State of New York, but without giving effect to applicable principles of conflicts of law to the extent that the application of the law of another jurisdiction would be required thereby. Each of the Company and each Guarantor hereby irrevocably submits to the non-exclusive jurisdiction of any New York state court sitting in the Borough of Manhattan in the City of New York or any Federal court sitting in the Borough of Manhattan in the City of New York in respect of any suit, action or proceeding arising out of or relating to the Indenture, the Guarantees and the Notes, and irrevocably accepts for itself and in respect of its property, generally and unconditionally, non-exclusive jurisdiction of the aforesaid courts. Each of the Company and each Guarantor irrevocably waives, to the fullest extent that it may effectively do so under applicable law, trial by jury and any objection which it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Nothing herein shall affect the right of the Trustee or any Holder of the Notes to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against the Company or any Guarantor in any other jurisdiction.

20. ISIN and Common Code Numbers. The Company has caused ISIN and Common Code numbers to be printed on the Notes as a convenience to the Holders. No representation is made as to the accuracy of such numbers as printed on the Notes and reliance may be placed only on the other identification numbers printed hereon.

21. Registration Rights. Pursuant to a registration rights agreement, the Company will be obligated upon the occurrence of certain events to consummate an exchange offer pursuant to which the Holder of this Note shall have the right to exchange this Series A Note for the Company's 8 7/8% Senior Secured Notes due 2009, Series B Note, which have been registered under the Securities Act, in like principal amount and having terms identical in all material respects as the Series A Notes. The Holders shall be entitled to receive certain additional interest payments in the event such exchange offer is not consummated and upon certain other conditions, all pursuant to and in accordance with the terms of such registration rights agreement.

The Company will furnish to any Holder upon written request and without charge a copy of the Indenture. Request may be made to:

Kronos International, Inc.
16825 North Chase Drive
Suite 1200
Houston, Texas 77060
Attention: Robert D. Hardy

ASSIGNMENT FORM

To assign this Note, fill in the form below:

(I) or (we) assign and transfer this Note to

- ---

(Insert assignee's soc. sec. or tax I.D. no.)

- ---

- ---

- ---

- ---

- ---

(Print or type assignee's name address and zip code)

and irrevocably appoint

---

agent to transfer this Note on the books of the Company. The agent may substitute another to act for him.

Date: _____

Your Signature:

(Sign exactly as your name appears on the face of this Note)

Signature Guarantee:

(Participant in recognized signature guarantee medallion program)

OPTION OF HOLDER TO ELECT PURCHASE

If you wish to elect to have all or any portion of this Note purchased by the Company pursuant to Section 4.10 ("Net Proceeds Offer") or Section 4.15 ("Change of Control Offer") of the Indenture, check the applicable boxes

|_| Net Proceeds Offer:

in whole |_|

in part |_|

Amount to be purchased:(euro)_____

|_| Change of Control Offer:

in whole |_|

in part |_|

Amount to be purchased:(euro)_____

Dated: _____ Signature:

(Sign exactly as your name appears on the other side of this Note)

Signature Guarantee:

(Participant in recognized signature guarantee medallion program)

Social Security Number or Taxpayer Identification Number:

EXHIBIT B

FORM OF SERIES B NOTE

(Face of Note)

KRONOS INTERNATIONAL, INC.

8 7/8% SENIOR SECURED NOTE DUE 2009

[THIS NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE OF A DEPOSITARY OR A SUCCESSOR DEPOSITARY. THIS NOTE IS NOT EXCHANGEABLE FOR NOTES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE, AND NO TRANSFER OF THIS SECURITY (OTHER THAN A TRANSFER OF THIS SECURITY AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY) MAY BE REGISTERED EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

THIS GLOBAL NOTE IS HELD BY THE COMMON DEPOSITORY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTIONS 2.1, 2.6, 2.7, 3.3, 4.10 AND 4.15 OF THE INDENTURE, (II) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.6 OF THE INDENTURE, (III) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE AND (IV) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITORY WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY.1

1 To be included only if the Note is issued in global form.

KRONOS INTERNATIONAL, INC.
8 7/8 % SENIOR SECURED NOTE DUE 2009

ISIN Co. ----------
Common Code ----------

No. ---------- (euro) ----------

Interest Payment Dates: June 30 and December 30
Record Dates: June 15 and December 15

KRONOS INTERNATIONAL, INC., a Delaware corporation (the "Company," which term includes any successor corporation under the Indenture hereinafter referred to), for value received promises to pay to The Bank of New York Depository (Nominees) Limited or registered assigns, the principal sum of _____ Euro on June 30, 2009.

Reference is hereby made to the further provisions of this Note set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Note shall not be entitled to any benefits under the Indenture referred to on the reverse hereof or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this Note to be duly executed under its corporate seal.

Dated:

KRONOS INTERNATIONAL, INC.

By:

Name:
Title:

By:

Name:
Title:

This is one of the Notes referred to
in the within-mentioned Indenture:

THE BANK OF NEW YORK,
as Trustee

By:

Authorized Signatory

(Back of Note)

8 7/8 % Senior Secured Notes due 2009

Capitalized terms used herein shall have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

1. Interest. The Company promises to pay interest on the principal amount of this Note at the rate of 8 7/8% per annum from the date of original issuance until maturity. The Company will pay interest semi-annually on June 30 and December 30 of each year, or if any such day is not a Business Day, on the next succeeding Business Day (each an "Interest Payment Date"). Interest on the Note will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of issuance; provided that if there is no existing Default in the payment of interest, and if this Note is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date; provided, further, that the first Interest Payment Date shall be December 30, 2002. The Company shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue payments of the principal, Purchase Price and Redemption Price of this Note from time to time on demand at a rate that is 1% per annum in excess of the rate then in effect; it shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest (without regard to any applicable grace periods) hereon from time to time on demand at the same rate to the extent lawful. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

2. Method of Payment. The Company will pay interest on the Notes (except defaulted interest) to the Persons who are registered Holders of Notes at the close of business on the June 15 and December 15 next preceding the Interest Payment Date, even if such Notes are canceled after such record date and on or before such Interest Payment Date, except as provided in Section 2.12 of the Indenture with respect to defaulted interest. Any such installment of interest not punctually paid or duly provided for shall forthwith cease to be payable to the registered Holders on such Interest Payment Date, and may be paid to the registered Holders at the close of business on a special interest payment date to be fixed by the Trustee for the payment of such defaulted interest, notice whereof shall be given to the registered Holders not less than 10 days prior to such special interest payment date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Notes may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture. The Notes will be payable as to principal, Redemption Price, Purchase Price and interest at the office or agency of the Company maintained for such purpose within or without the City and State of New York, or, at the option of the Company, payment of interest may be made by check mailed to the Holders at their addresses set forth in the register of Holders, provided that payment by wire transfer of immediately available funds will be required with respect to principal, Redemption Price and Purchase Price of, and interest on, all Global Notes and all other Notes the Holders of which shall have provided wire transfer instructions to the Trustee or the Paying Agent. Such payment shall be in such coin or currency of the European Union as at the time of payment is legal tender for payment of public and private debts.

3. Paying Agent and Registrar. Initially, The Bank of New York, the Trustee under the Indenture, will act as Paying Agent and Registrar. The Company may change any Paying Agent or Registrar without notice to any Holder. The Company may act in any such capacity.

4. Indenture. The Company issued (euro)285 million in aggregate principal amount of the Notes under an Indenture dated as of June 28, 2002 (the "Indenture") between the Company and the Trustee. The Company shall be entitled to issue Additional Notes (as defined in the Indenture) pursuant to Section 2.16 of the Indenture. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (15 U.S.C. Code Sections 77aaa-77bbbb). The Notes are subject to all such terms, and Holders are referred to the Indenture and such Act for a statement of such terms. The Notes are general obligations of the Company. By purchasing the Notes, each Holder acknowledges and agrees to benefit from and be bound by the terms and conditions of the Indenture.

5. Optional Redemption. Except as described below, the Notes are not redeemable before December 30, 2005. Thereafter, the Company may redeem the Notes at any time on or after December 30, 2005 at its option, in whole or in part, upon not less than 30 nor more than 60 days notice, at the following redemption prices (expressed as percentages of the principal amount thereof) if redeemed during the twelve-month period (or, in the case of the period commencing on December 30, 2008, six-month period) commencing on December of the year set forth below:

Year	Percentage
2005.....	104.437%
2006.....	102.958%
2007.....	101.479%
2008 and thereafter.....	100.000%

In addition, the Company must pay accrued and unpaid interest on the Notes redeemed.

6. Special Redemption. (a) At any time, or from time to time, on or prior to June 30, 2005, the Company, at its option, may use the net cash proceeds of one or more Public Equity Offerings to redeem up to 35% of the principal amount of the Notes, including the original principal amount of any Additional Notes, issued under the Indenture at a Redemption Price of 108.875% of the principal amount thereof plus accrued and unpaid interest thereon, if any, to the date of redemption; provided that (1) at least 65% of the principal amount of Notes, including the original principal amount of any Additional Notes, issued under the Indenture remains outstanding immediately after any such redemption; and (2) such redemption shall occur within 90 days after the date of the closing of the applicable Public Equity Offering.

(b) At any time on or prior to December 30, 2005, the Notes may also be redeemed or purchased (by the Company or any other Person) in whole but not in part, at the Company's option, upon the occurrence of a Change of Control, at a price equal to 100% of the principal amount thereof plus the Applicable Premium as of, and accrued but unpaid interest, if any, to, the date of redemption or purchase (the "Redemption Date") (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date). Such redemption or purchase may be made upon notice mailed by first-class mail to each Holder's registered address, not less than 30 nor more than 60 days prior to the Redemption Date (but in no event shall such

notice be mailed more than 180 days after the occurrence of such Change of Control). The Company may provide in such notice that payment of such price and performance of the Company's obligations with respect to such redemption or purchase may be performed by another Person. Any such notice may be given prior to the occurrence of the related Change of Control, and any such redemption, purchase or notice may, at the Company's discretion, be subject to the satisfaction of one or more conditions precedent, including but not limited to the occurrence of the related Change of Control.

7. Mandatory Redemption. Except as set forth in Paragraph 9 below with respect to purchases of Notes in certain events, the Company shall not be required to make mandatory redemption payments with respect to the Notes.

8. Notice of Redemption or Purchase. Subject to the provisions of the Indenture, a notice of redemption will be mailed at least 30 days but not more than 60 days before the Redemption Date to each Holder whose Notes are to be redeemed at its registered address. Notes in denominations larger than (euro)1,000 may be redeemed or purchased in part but only in whole multiples of (euro)1,000, unless all of the Notes held by a Holder are to be redeemed or purchased. On and after the Redemption Date interest ceases to accrue on Notes or portions thereof called for redemption or purchase.

9. Purchase at Option of Holder.

(a) Upon the occurrence of a Change of Control, each Holder will have the right to require that the Company purchase all or a portion of such Holder's Notes, at a purchase price equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest thereon to the date of purchase. Such purchase shall be made upon notice mailed by first-class mail within 60 days following the date upon which the Change of Control occurred to each Holder, with a copy to the Trustee, which notice shall govern the terms of the Change of Control Offer. Such notice shall state, among other things, the purchase date, which must be no earlier than 30 days nor later than 45 days from the date such notice is mailed, other than as may be required by law (the "Change of Control Payment Date"). In the event of a Change of Control, the Company will also publish a notice of the offer to purchase in accordance with the procedures described under Section 13.2 of the Indenture. Holders electing to have a Note purchased pursuant to a Change of Control Offer will be required to surrender the Note, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Note completed, to the Paying Agent at the address specified in the notice prior to the close of business on the third Business Day prior to the Change of Control Payment Date.

(b) On the 366th day after an Asset Sale or such earlier date, if any, as the Board of Directors of the Company or of an applicable Restricted Subsidiary determines not to apply the Net Cash Proceeds relating to such Asset Sale as set forth in Section 4.10(1)(c)(i), (1)(c)(ii) and (1)(c)(iii) of the Indenture (each, a "Net Proceeds Offer Trigger Date"), the aggregate amount of Net Cash Proceeds which have not been applied on or before such Net Proceeds Offer Trigger Date as permitted in Section 4.10(1)(c)(i), (1)(c)(ii) and (1)(c)(iii) of the Indenture (each, a "Net Proceeds Offer Amount") shall be applied by the Company or such Restricted Subsidiary to make an offer to purchase (the "Net Proceeds Offer") to all Holders and, on a Purchase Date not less than 30 nor more than 45 days following the applicable Net Proceeds Offer Trigger Date, from all Holders on a pro rata basis, that amount of Notes to be purchased, plus accrued and unpaid interest thereon, if any, to the Purchase Date; provided, however, that if at any time any non-cash consideration received by the Company or any Restricted Subsidiary of the Company, as the case may be,

in connection with any Asset Sale is converted into or sold or otherwise disposed of for cash (other than interest received with respect to any such non-cash consideration), then such conversion or disposition shall be deemed to constitute an Asset Sale under the Indenture and the Net Cash Proceeds thereof shall be applied in accordance with Section 4.10 of the Indenture.

(c) Each Net Proceeds Offer will be mailed to the record Holders as shown on the register of Holders within 25 days following the Net Proceeds Offer Trigger Date, with a copy to the Trustee, and shall comply with the procedures set forth in the Indenture. Upon receiving notice of the Net Proceeds Offer, Holders may elect to tender their Notes in whole or in part in integral multiples of (euro)1,000 in exchange for cash. To the extent Holders properly tender Notes in an amount exceeding the Net Proceeds Offer Amount, Notes of tendering Holders will be purchased on a pro rata basis (based on amounts tendered). A Net Proceeds Offer shall remain open for a period of 20 Business Days or such longer period as may be required by law.

10. Denominations, Transfer, Exchange. The Notes are in registered form without coupons in denominations of (euro)1,000 and integral multiples of (euro)1,000. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Company need not exchange or register the transfer of any Note or portion of a Note selected for redemption, except for the unredeemed portion of any Note being redeemed in part. Also, it need not exchange or register the transfer of any Notes for a period of 15 days before a selection of Notes to be redeemed or during the period between a record date and the corresponding Interest Payment Date.

11. Persons Deemed Owners. The registered Holder of a Note may be treated as its owner for all purposes.

12. Amendment, Supplement and Waiver. Subject to certain exceptions, the Indenture and the Notes may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the then outstanding Notes, and any existing default or compliance with any provision of the Indenture or the Notes may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Notes. Without the consent of any Holder of a Note, the Indenture and the Notes may be amended or supplemented to cure any ambiguity, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes, to provide for the assumption of the Company's obligations to Holders of the Notes in case of a merger or consolidation, to make any change that would provide any additional rights or benefits to the Holders of the Notes or that does not adversely affect the legal rights under the Indenture of any such Holder, or to comply with the requirements of the Commission in order to effect or maintain the qualification of the Indenture under the Trust Indenture Act.

13. Defaults and Remedies. Each of the following constitutes an "Event of Default": (i) the failure to pay interest on any Notes when the same becomes due and payable and the default continues for a period of 30 days; (ii) the failure to pay the principal on any Note when such principal becomes due and payable, at maturity, upon redemption or otherwise (including the failure to make a payment to purchase Notes tendered pursuant to a Change of Control Offer or a Net Proceeds Offer); (iii) a default in the observance or performance of any other covenant or agreement contained in the Indenture or any Security Document which default continues for a period of 45 days after the Company

receives written notice specifying the default (and demanding that such default be remedied) from the Trustee or the Holders of at least 25% of the outstanding principal amount of the Notes (except in the case of a default with respect to Section 5.1 of the Indenture, which will constitute an Event of Default with such notice requirement but without such passage of time requirement); (iv) the failure to pay at final maturity (giving effect to any applicable grace periods and any extensions thereof) the principal amount of any Indebtedness of the Company or any Restricted Subsidiary of the Company, or the acceleration of the final stated maturity of any such Indebtedness (which acceleration is not rescinded, annulled or otherwise cured within 20 days of receipt by the Company or such Restricted Subsidiary of notice of any such acceleration) if the aggregate principal amount of such Indebtedness, together with the principal amount of any other such Indebtedness in default for failure to pay principal at final maturity or which has been accelerated (in each case with respect to which the 20-day period described above has elapsed), aggregates $20 million or more at any time; (v) the repudiation by the Company of any of its obligations under any Security Document, or the unenforceability of any Security Document against the Company if such unenforceability reasonably would be expected to result in a material adverse effect on the Liens granted by the Company pursuant to such Security Documents; (vi) one or more judgments in an aggregate amount in excess of $20 million shall have been rendered against the Company or any of its Restricted Subsidiaries and such judgments remain undischarged, unpaid or unstayed for a period of 60 days after such judgment or judgments become final and non-appealable; or (vii) certain events of bankruptcy affecting the Company or any of its Significant Subsidiaries. Upon any such declaration, the entire principal amount of, and accrued and unpaid interest and Additional Interest, if any, on the Notes shall become immediately due and payable. Notwithstanding the foregoing, in the case of an Event of Default arising from certain events of bankruptcy or insolvency, all outstanding Notes will become due and payable without further action or notice. Holders may not enforce the Indenture or the Notes except as provided in the Indenture. Subject to certain limitations, Holders of a majority in principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders of the Notes notice of any continuing Default or Event of Default (except a Default or Event of Default relating to payment on any Note) if it determines that withholding notice is in their interest. The Holders of a majority in principal amount of the Notes may waive any existing or past Default or Event of Default under the Indenture, and its consequences, except a default in the payment of the principal of, or interest on any Notes. The Company is required to deliver to the Trustee annually a statement regarding compliance with the Indenture, and the Company is required upon becoming aware of any Default or Event of Default, to deliver to the Trustee a statement specifying such Default or Event of Default.

14. Trustee Dealings with Company. Subject to certain limitations, the Trustee under the Indenture, in its individual or any other capacity, may become owner or pledge of Notes and may otherwise deal with the Company or its Affiliates as if it were not Trustee.

15. No Recourse Against Others. No past, present or future director, officer, employee, incorporator or stockholder of the Company, as such, shall have any liability for any obligations of the Company under the Notes or the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes.

16. Authentication. This Note shall not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

17. Abbreviations. Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

18. Discharge Prior to Maturity. If the Company deposits with the Trustee or Paying Agent cash or Government Securities sufficient to pay the principal or Redemption Price of, and interest and Additional Interest, if any, on, the Notes to maturity or a specified Redemption Date and satisfies certain conditions specified in the Indenture, the Company will be discharged from the Indenture, except for certain Sections thereof.

19. Governing Law. The Indenture, the Guarantees and this Note shall be governed by and construed in accordance with the laws of the State of New York, but without giving effect to applicable principles of conflicts of law to the extent that the application of the law of another jurisdiction would be required thereby. Each of the Company and each Guarantor hereby irrevocably submits to the non-exclusive jurisdiction of any New York state court sitting in the Borough of Manhattan in the City of New York or any Federal court sitting in the Borough of Manhattan in the City of New York in respect of any suit, action or proceeding arising out of or relating to the Indenture, the Guarantees and the Notes, and irrevocably accepts for itself and in respect of its property, generally and unconditionally, non-exclusive jurisdiction of the aforesaid courts. Each of the Company and each Guarantor irrevocably waives, to the fullest extent that it may effectively do so under applicable law, trial by jury and any objection which it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Nothing herein shall affect the right of the Trustee or any Holder of the Notes to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against the Company or any Guarantor in any other jurisdiction.

20. ISIN and Common Code Numbers. The Company has caused ISIN and Common Code numbers to be printed on the Notes as a convenience to the Holders. No representation is made as to the accuracy of such numbers as printed on the Notes and reliance may be placed only on the other identification numbers printed hereon.

The Company will furnish to any Holder upon written request and without charge a copy of the Indenture. Request may be made to:

Kronos International, Inc.
16825 North Chase Drive
Suite 1200
Houston, Texas 77060
Attention: Robert D. Hardy

ASSIGNMENT FORM

To assign this Note, fill in the form below:

(I) or (we) assign and transfer this Note to

- ---

(Insert assignee's soc. sec. or tax I.D. no.)

- ---

- ---

- ---

- ---

- ---

- ---

(Print or type assignee's name address and zip code)

and irrevocably appoint

---

agent to transfer this Note on the books of the Company. The agent may substitute another to act for him.

Date: _____

Your Signature:

(Sign exactly as your name appears on the face of this Note)

Signature Guarantee:

(Participant in recognized signature guarantee medallion program)

OPTION OF HOLDER TO ELECT PURCHASE

If you wish to elect to have all or any portion of this Note purchased by the Company pursuant to Section 4.10 ("Net Proceeds Offer") or Section 4.15 ("Change of Control Offer") of the Indenture, check the applicable boxes

|_| Net Proceeds Offer:

in whole |_|

in part |_|

Amount to be purchased:(euro)_____

|_| Change of Control Offer:

in whole |_|

in part |_|

Amount to be purchased:(euro)_____

Dated: _____ Signature: _____
(Sign exactly as your name appears on the other side of this Note)

Signature Guarantee: _____
(Participant in recognized signature guarantee medallion program)

Social Security Number or
Taxpayer Identification Number: _____

Exhibit 4.4

Kronos International, Inc.

(euro)285,000,000
8 7/8% Senior Secured Notes due 2009

PURCHASE AGREEMENT

June 19, 2002

DEUTSCHE BANK AG LONDON
DRESDNER BANK AG LONDON BRANCH
COMMERZBANK AKTIENGESELLSCHAFT, LONDON BRANCH
c/o Deutsche Bank AG London
1 Great Winchester Street
London EC2N 2DB, UK

Ladies and Gentlemen:

Kronos International, Inc., a Delaware corporation (the "Company"), hereby confirms its agreement with you (the "Initial Purchasers"), as set forth below.

1. The Securities. Subject to the terms and conditions herein contained, the Company proposes to issue and sell to the Initial Purchasers (euro)285,000,000 aggregate principal amount of its 8 7/8% Senior Secured Notes due 2009, Series A (the "Notes"). The Notes are to be issued under an indenture (the "Indenture") to be dated as of June 28, 2002 by and between the Company and The Bank of New York, as Trustee (the "Trustee").

The Notes will be offered and sold to the Initial Purchasers without being registered under the Securities Act of 1933, as amended (the "Act"), in reliance on exemptions therefrom.

In connection with the sale of the Notes, the Company has prepared a preliminary offering memorandum dated June 6, 2002 (the "Preliminary Memorandum") and a final offering memorandum dated June 19, 2002 (the "Final Memorandum"; the Preliminary Memorandum and the Final Memorandum each herein being referred to as a "Memorandum") setting forth or including a description of the terms of the Notes, the terms of the offering of the Notes, a description of the Company and any material developments relating to the Company occurring after the date of the most recent historical financial statements included therein.

The Initial Purchasers and their direct and indirect transferees of the Notes will be entitled to the benefits of the Registration Rights Agreement, substantially in the form attached hereto as Exhibit C (the "Registration Rights Agreement"), pursuant to which the Company has agreed, among other things, to file a registration statement (the "Registration Statement") with the Securities and Exchange Commission (the "Commission") registering the Notes or the Exchange Notes (as defined in the Registration Rights Agreement) under the Act.

The Initial Purchasers and their direct and indirect transferees of the Notes will also be entitled to the benefits, and otherwise subject to the terms, of the Security Documents (as to be defined in the Indenture) pursuant to which the Company has agreed, among other things, to grant a senior security interest in the Collateral (as to be defined in the Indenture), subject to certain exceptions and otherwise in accordance with the terms of the Indenture.

2. Representations and Warranties. The Company represents and warrants to and agrees with each of the Initial Purchasers that:

(a) Neither the Preliminary Memorandum as of the date thereof nor the Final Memorandum nor any amendment or supplement thereto as of the date thereof and at all times subsequent thereto up to the Closing Date (as defined in Section 3 below) contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that the representations and warranties set forth in this Section 2(a) do not apply to statements or omissions made in reliance upon and in conformity with information relating to any of the Initial Purchasers furnished to the Company in writing by the Initial Purchasers expressly for use in the Preliminary Memorandum, the Final Memorandum or any amendment or supplement thereto.

(b) As of the Closing Date: the Company will have the authorized, issued and outstanding capitalization set forth in the Final Memorandum; all of the material subsidiaries of the Company are listed in Schedule 2A attached hereto (each, a "Subsidiary" and collectively, the "Subsidiaries"); all of the outstanding shares of capital stock of the Company and the Subsidiaries have been, and as of the Closing Date will be, duly authorized and validly issued, are fully paid and nonassessable and were not issued in violation of any preemptive or similar rights; all of the outstanding shares of capital stock of the Company and of each of the Subsidiaries will be free and clear of all liens, encumbrances, equities and claims or restrictions on transferability (other than those imposed by the Act, by the securities or "Blue Sky" laws of certain

jurisdictions, by the Security Documents or, with respect to Subsidiaries other than those the capital stock of which is to be pledged pursuant to

the Security Documents, by the Credit Agreement (as defined in the Final Memorandum)) or voting; except as set forth in the Final Memorandum, there are no (i) options, warrants or other rights to purchase, (ii) agreements or other obligations to issue or (iii) other rights to convert any obligation into, or exchange any securities for, shares of capital stock of or ownership interests in the Company or any of the Subsidiaries outstanding. Except for the Subsidiaries and the additional subsidiaries listed on Schedule 2B attached hereto or as disclosed in the Final Memorandum, the Company does not own, directly or indirectly, any shares of capital stock or any other equity or long-term debt securities or have any equity interest in any firm, partnership, joint venture or other entity.

(c) Each of the Company and the Subsidiaries is duly incorporated or formed, validly existing and in good standing under the laws of its respective jurisdiction of incorporation or formation and has all requisite corporate or partnership power and authority to own its properties and conduct its business as now conducted and as described in the Final Memorandum; each of the Company and the Subsidiaries is duly qualified to do business as a foreign corporation or partnership, as applicable, in good standing in all other jurisdictions where the ownership or leasing of its properties or the conduct of its business requires such qualification, except where the failure to be so qualified would not, individually or in the aggregate, have a material adverse effect on the business, condition (financial or otherwise) or results of operations of the Company and the Subsidiaries, taken as a whole (any such event, a "Material Adverse Effect").

(d) The Company has all requisite corporate power and authority to execute, deliver and perform each of its obligations under the Notes, the Exchange Notes and the Private Exchange Notes (as defined in the Registration Rights Agreement). The Notes, when issued, will be in the form contemplated by the Indenture. The Notes, the Exchange Notes and the Private Exchange Notes have each been duly and validly authorized by the Company and, when executed by the Company and authenticated by the Trustee in accordance with the provisions of the Indenture and, in the case of the Notes, when delivered to and paid for by the Initial Purchasers in accordance with the terms of this Agreement, will constitute valid and legally binding obligations of the Company, entitled to the benefits of the Indenture, and enforceable against the Company in accordance with their terms, except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity and the discretion of the court before which any proceeding therefor may be brought.

(e) The Company has all requisite corporate power and authority to execute, deliver and perform its obligations under the Indenture. The

Indenture (including provisions that are incorporated therein) meets the requirements for qualification under the Trust Indenture Act of 1939, as amended (the "TIA"). The Indenture has been duly and validly authorized by the Company and, when executed and delivered by the Company (assuming the due authorization, execution and delivery by the Trustee), will constitute a valid and legally binding agreement of the Company, enforceable against the Company in accordance with its terms, except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity and the discretion of the court before which any proceeding therefor may be brought.

(f) The Company has all requisite corporate power and authority to execute, deliver and perform its obligations under the Registration Rights Agreement. The Registration Rights Agreement has been duly and validly authorized by the Company and, when executed and delivered by the Company (assuming the due authorization, execution and delivery by the Initial Purchasers), will constitute a valid and legally binding agreement of the Company enforceable against the Company in accordance with its terms, except that (A) the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity and the discretion of the court before which any proceeding therefor may be brought and (B) any rights to indemnity or contribution thereunder may be limited by federal and state securities laws and public policy considerations.

(g) The Company has all requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement and to consummate the transactions contemplated hereby. This Agreement and the consummation by the Company of the transactions contemplated hereby have been duly and validly authorized by the Company. This Agreement has been duly executed and delivered by the Company.

(h) The Company has all requisite corporate power and authority to execute, deliver and perform its obligations under the Security Documents to which it is a party and to consummate the transactions contemplated thereby to be consummated by it. The Security Documents and the consummation by the Company of the transactions contemplated thereby have been duly and validly authorized by the Company and, when the Security Documents are executed and delivered, each of the Security Documents to which it is a party will constitute a valid and legally binding obligation of the Company enforceable against the Company in accordance with its terms, except that the enforcement thereof may be subject to (i)

bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other similar laws now or hereafter in effect relating to creditor's rights generally and (ii) general principals of equity and the discretion of the court before which any proceeding therefore may be brought. On the Closing Date, the Collateral will conform in all material respects to the description thereof contained in the Final Memorandum.

(i) The Security Documents, once executed and delivered, will create, in favor of the Collateral Agent (as to be defined in the Indenture) for the benefit of the Trustee and the holders of the Notes, a valid and enforceable, and upon filing or recording with the appropriate governmental authorities and delivery of the applicable documents to the Collateral Agent, a perfected senior security interest in and Lien upon (in each case in accordance with the provisions of the relevant Security Document) all of the Collateral, superior to and prior to the rights of all third persons and subject to no other Liens except for Liens expressly permitted to exist on such Collateral by the terms of the applicable Security Document.

(j) No consent, approval, authorization or order of any court or governmental agency or body, or third party is required for the issuance and sale by the Company of the Notes to the Initial Purchasers or the consummation by the Company of the other transactions contemplated hereby, except such as have been obtained and such as may be required under foreign and state securities or "Blue Sky" laws in connection with the purchase and resale of the Notes by the Initial Purchasers. None of the Company or the Subsidiaries is (i) in violation of its certificate of incorporation or bylaws (or similar organizational document), (ii) in breach or violation of any statute, judgment, decree, order, rule or regulation applicable to any of them or any of their respective properties or assets, except for any such breach or violation that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, or (iii) in breach of or default under (nor has any event occurred that, with notice or passage of time or both, would constitute a default under) or in violation of any of the terms or provisions of any indenture, mortgage, deed of trust, loan agreement, note, lease, license, franchise agreement, permit, certificate, contract or other agreement or instrument to which any of them is a party or to which any of them or their respective properties or assets is subject (collectively, "Contracts"), except for any such breach, default, violation or event that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(k) The execution, delivery and performance by the Company of this Agreement, the Indenture, the Registration Rights Agreement and the Security Documents and the consummation by the Company of the transactions contemplated hereby and thereby to be consummated by it (including, without limitation, the issuance and sale of the Notes to the Initial

Purchasers) will not conflict with or constitute or result in a breach of or a default under (or an event that with notice or passage of time or both would constitute a default under) or violation of (i) any of the terms or provisions of any Contract, except for any such conflict, breach, violation, default or event that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, (ii) the certificate of incorporation or bylaws (or similar organizational document) of the Company or any of the Subsidiaries or (iii) (assuming compliance with all applicable state securities or "Blue Sky" laws and assuming the accuracy of the representations and warranties of the Initial Purchasers in Section 8 hereof) any statute, judgment, decree, order, rule or regulation applicable to the Company or any of the Subsidiaries or any of their respective properties or assets, except for any such conflict, breach, violation, default or event that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(l) The audited consolidated financial statements of the Company and its subsidiaries included in the Final Memorandum present fairly in all material respects the financial position, results of operations and cash flows of the Company and its subsidiaries at the dates and for the periods to which they relate and have been prepared in accordance with accounting principles generally accepted in the United States of America applied on a consistent basis, except as otherwise stated therein. The interim unaudited consolidated financial statements of the Company and its subsidiaries included in the Final Memorandum present fairly in all material respects the financial position, results of operations and cash flows of the Company and its subsidiaries at the dates and for the periods to which they relate, except for the absence of footnotes and normal audit adjustments, and have been prepared in accordance with accounting principles generally accepted in the United States of America applied on a consistent basis, except as otherwise stated therein. The summary and selected financial and statistical data in the Final Memorandum present fairly in all material respects the information shown therein and have been prepared and compiled on a basis consistent with the audited financial statements included therein, except as otherwise stated therein. PricewaterhouseCoopers, LLP (the "Independent Accountants") is an independent public accounting firm within the meaning of the Act and the rules and regulations promulgated thereunder.

(m) Except as described in the Final Memorandum, the unaudited pro forma financial data (including the notes thereto) included in the Final Memorandum (i) comply as to form in all material respects with the applicable requirements of Regulation S-X promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), (ii) have been prepared in accordance with the Commission's rules and guidelines with respect to pro forma financial statements and (iii) have been properly computed on the bases described therein; the assumptions used in the

preparation of the pro forma financial data and other pro forma financial information included in the Final Memorandum are reasonable and the adjustments used therein are appropriate to give effect to the transactions or circumstances referred to therein.

(n) Except as disclosed in the Preliminary Memorandum and the Final Memorandum, there is not pending or, to the knowledge of the Company, threatened any action, suit, proceeding, inquiry or investigation to which the Company or any of the Subsidiaries is a party, or to which the property or assets of the Company or any of the Subsidiaries are subject, before or brought by any court, arbitrator or governmental agency or body that, if determined adversely to the Company or any of the Subsidiaries, would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect or that seeks to restrain, enjoin, prevent the consummation of or otherwise challenge the issuance or sale of the Notes to be sold hereunder or the consummation of the other transactions to be consummated by the Company or any of its Affiliates and described in the Final Memorandum.

(o) Each of the Company and the Subsidiaries possesses all licenses, permits, certificates, consents, orders, approvals and other authorizations from, and has made all declarations and filings with, all federal, state, local and other governmental authorities, all self-regulatory organizations and all courts and other tribunals, presently required or necessary to own or lease, as the case may be, and to operate its respective properties and to carry on its respective businesses as now conducted as set forth in the Final Memorandum ("Permits"), except where the failure to obtain such Permits would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; each of the Company and the Subsidiaries has fulfilled and performed all of its obligations with respect to such Permits and no event has occurred that allows, or after notice or lapse of time would allow, revocation or termination thereof or results in any other impairment of the rights of the holder of any such Permit, except where any such absence of fulfillment or performance, or revocation or termination, would not reasonably be expected to have a Material Adverse Effect; and none of the Company or the Subsidiaries has received any notice of any proceeding relating to revocation or modification of any such Permit, except as described in the Final Memorandum and except where such revocation or modification would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(p) Since the date of the most recent financial statements appearing in the Final Memorandum, except as described in the Final Memorandum, (i) none of the Company or the Subsidiaries has incurred any liabilities or obligations, direct or contingent, or entered into or agreed to enter into any transactions or contracts (written or oral) not in the ordinary course of business, which liabilities, obligations, transactions or contracts would, individually or in the aggregate, be materially adverse to the

business, condition (financial or otherwise) or results of operations of the Companies and its Subsidiaries, taken as a whole, (ii) none of the Company or the Subsidiaries has purchased any of its outstanding capital stock, nor declared, paid or otherwise made any dividend or distribution of any kind on its capital stock (other than with respect to any of such Subsidiaries, the purchase of, or dividend or distribution on, capital stock owned by the Company or a wholly owned Subsidiary) and (iii) there has not been any material change in the capital stock or long-term indebtedness of the Company or the Subsidiaries.

(q) Each of the Company and the Subsidiaries has filed all necessary federal, state and foreign income and franchise tax returns, except where the failure to so file such returns would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, and has paid all taxes shown as due thereon; and, other than tax deficiencies that the Company or any Subsidiary is contesting in good faith and for which the Company or such Subsidiary has provided adequate reserves, there is no tax deficiency that has been expressly asserted to the Company against the Company or any of the Subsidiaries that would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(r) The statistical and market-related data included in the Final Memorandum are based on or derived from sources that the Company and the Subsidiaries believe to be reliable and accurate with respect to such data.

(s) None of the Company, the Subsidiaries or any agent acting on their behalf has taken or will take any action that might cause this Agreement or the sale of the Notes to violate Regulation T, U or X of the Board of Governors of the Federal Reserve System, in each case as in effect, or as the same may hereafter be in effect, on the Closing Date.

(t) Each of the Company and the Subsidiaries has good title to all real property and good title to all personal property described in the Final Memorandum as being owned by it free and clear of all liens, charges, encumbrances or restrictions, except as described in the Final Memorandum or pursuant to the Credit Agreement or to the extent the failure to have such title or the existence of such liens, charges, encumbrances or restrictions would not, individually or in the aggregate,

reasonably be expected to have a Material Adverse Effect. All leases, contracts and agreements to which the Company or any of the Subsidiaries is a party or by which any of them is bound are valid and enforceable against the Company or such Subsidiary, to the Company's knowledge, and are valid and enforceable against the other party or parties thereto and are in full force and effect with only such exceptions as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Company and the Subsidiaries own or possess adequate licenses or other rights to use all patents, trademarks, service marks, trade names, copyrights and know-how necessary to conduct the businesses now operated by them as described in the Final Memorandum, except where the failure to own or possess the foregoing would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. None of the Company or the Subsidiaries has received any written (or, to the Company's knowledge, oral) notice of infringement of or conflict with (or knows of any such infringement of or conflict with) expressly asserted (in writing) rights of others with respect to any patents, trademarks, service marks, trade names, copyrights or know-how that, if such assertion of infringement or conflict were sustained, would reasonably be expected to have a Material Adverse Effect.

(u) There are no legal or governmental proceedings involving or affecting the Company or any Subsidiary or any of their respective properties or assets that are of such materiality that such proceedings would be required to be described in a prospectus pursuant to the Act and which are not described in the Final Memorandum, nor are there any material contracts or agreements that are of such materiality that the same would be required to be described in a prospectus pursuant to the Act (but excluding, for the avoidance of doubt, any contract that need not be so described in a registration statement filed under the act, and containing such prospectus, other than by the filing of such contract as an exhibit to such registration statement) that are not described in the Final Memorandum.

(v) Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, (A) each of the Company and the Subsidiaries is in compliance with and not subject to liability under applicable Environmental Laws (as defined below), (B) each of the Company and the Subsidiaries has made all filings and provided all notices required under any applicable Environmental Law, and has and is in compliance with all Permits required under any applicable Environmental Laws and each of them is in full force and effect, (C) except as disclosed in the Preliminary Memorandum and Final Memorandum, there is no civil, criminal or administrative action, suit, demand, claim, hearing, notice of violation, investigation, proceeding, notice or demand letter or request for information pending or, to the knowledge of the Company or any of the Subsidiaries, threatened against the Company or any of the Subsidiaries under any Environmental Law, (D) no lien, charge, encumbrance or restriction has been recorded under any Environmental Law with respect to any assets, facility or property owned, operated, leased or controlled by the Company or any of the Subsidiaries, (E) none of the Company or the Subsidiaries has received notice that it has been identified as a potentially responsible party under the Comprehensive Environmental

Response, Compensation and Liability Act of 1980, as amended ("CERCLA"), or any comparable state law and (F) no property or facility of the Company or any of the Subsidiaries is (i) listed or proposed for listing on the National Priorities List under CERCLA or (ii) listed in the Comprehensive Environmental Response, Compensation, Liability Information System List promulgated pursuant to CERCLA, or on any comparable list maintained by any state or local governmental authority.

For purposes of this Agreement, "Environmental Laws" means the common law and all applicable federal, state and local laws or regulations, codes, orders, decrees, judgments or injunctions issued, promulgated, approved or entered thereunder, relating to pollution or protection of public or employee health and safety or the environment, including, without limitation, laws relating to (i) emissions, discharges, releases or threatened releases of hazardous materials into the environment (including, without limitation, ambient air, surface water, ground water, land surface or subsurface strata), (ii) the manufacture, processing, distribution, use, generation, treatment, storage, disposal, transport or handling of hazardous materials, and (iii) underground and above ground storage tanks and related piping, and emissions, discharges, releases or threatened releases therefrom.

(w) There is no strike, organized labor dispute, labor slowdown or work stoppage with the employees of the Company or any of the Subsidiaries that is pending or, to the knowledge of the Company or any of the Subsidiaries, threatened which, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

(x) Each of the Company and the Subsidiaries carries insurance in such amounts and covering such risks as are reasonably believed by it to be adequate, in all material respects, for the conduct of its business and the value of its properties.

(y) Except as disclosed in the Final Memorandum, none of the Company or the Subsidiaries has any material liability for any prohibited transaction or funding deficiency or any complete or partial withdrawal liability with respect to any pension, profit sharing or other plan that is subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or analogous foreign plans governed by analogous foreign regulation, to which the Company or any of the Subsidiaries makes or, within the prior six years has made, a contribution and in which any employee of the Company or of any Subsidiary is or has ever been a participant. With respect to such plans, the Company and each Subsidiary is in compliance in all material respects with all applicable provisions of ERISA.

(z) Each of the Company and the Subsidiaries (i) makes and keeps accurate books and records within the meaning of Section 13(b)(2) of the Exchange Act and (ii) maintains internal accounting controls that provide reasonable assurance that (A) transactions are executed in accordance with management's general or specific authorization, (B) transactions are recorded as necessary to permit preparation of its financial statements and to maintain accountability for its assets, (C) access to its assets is permitted only in accordance with management's general or specific authorization and (D) the reported accountability for its assets is compared with existing assets at reasonable intervals.

(aa) None of the Company or the Subsidiaries is or as a result of the transactions contemplated hereby will become an "investment company" or "promoter" or "principal underwriter" for an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended, and the rules and regulations thereunder.

(bb) The Notes, the Indenture and the Registration Rights Agreement will conform in all material respects to the descriptions thereof in the Final Memorandum.

(cc) No holder of securities of the Company or any Subsidiary will be entitled to have such securities registered under the registration statements required to be filed by the Company pursuant to the Registration Rights Agreement other than as expressly permitted thereby.

(dd) Immediately after the consummation of the transactions contemplated by this Agreement, the fair value and present fair saleable value of the assets of the Company and its subsidiaries (on a consolidated basis, considered as a single enterprise for purposes of this paragraph) will exceed the sum of its stated liabilities and identified contingent liabilities; the Company and its subsidiaries (on a consolidated basis) is not, nor will the Company and its subsidiaries (on a consolidated basis) be, after giving effect to the execution, delivery and performance of this Agreement, and the consummation of the transactions contemplated hereby, (a) left with unreasonably small capital with which to carry on its business as it is proposed to be conducted, (b) unable to pay its debts (contingent or otherwise) as they mature or (c) otherwise insolvent.

(ee) None of the Company, the Subsidiaries or any of their respective Affiliates (as defined in Rule 501(b) of Regulation D under the Act) has directly, or through any agent, (i) sold, offered for sale, solicited offers to buy or otherwise negotiated in respect of, any "security" (as defined in the Act) that is or could be integrated with the sale of the Notes in a manner that would require the registration under

the Act of the Notes or (ii) engaged in any form of general solicitation or general advertising (as those terms are used in Regulation D under the Act) in connection with the offering of the Notes or in any manner involving a public offering within the meaning of Section 4(2) of the Act. Assuming the truth and correctness of the representations and warranties of the Initial Purchasers in Section 8 hereof and their compliance with their covenants in such Section, it is not necessary in connection with the offer, sale and delivery of the Notes to the Initial Purchasers in the manner contemplated by this Agreement to register any of the Notes under the Act or to qualify the Indenture under the TIA.

(ff) No securities of the Company or any Subsidiary are of the same class (within the meaning of Rule 144A under the Act) as the Notes and listed on a national securities exchange registered under Section 6 of the Exchange Act, or quoted in a U.S. automated inter-dealer quotation system.

(gg) None of the Company or the Subsidiaries has taken, nor will any of them take, directly or indirectly, any action designed to, or that might be reasonably expected to, cause or result in stabilization or manipulation of the price of the Notes.

(hh) None of the Company, the Subsidiaries, any of their respective Affiliates or any person acting on its or their behalf (other than the Initial Purchasers) has engaged in any directed selling efforts (as that term is defined in Regulation S under the Act ("Regulation S")) with respect to the Notes; the Company, the Subsidiaries and their respective Affiliates and any person acting on its or their behalf (other than the Initial Purchasers) have complied with the offering restrictions requirement of Regulation S.

Any certificate signed by any officer of the Company or any Subsidiary and delivered (at the purchase and sale of the Notes on the Closing Date) to any Initial Purchaser or to counsel for the Initial Purchasers shall be deemed a representation and warranty by the Company to each Initial Purchaser as to the matters covered thereby.

3. Purchase, Sale and Delivery of the Notes. On the basis of the representations, warranties, agreements and covenants herein contained and subject to the terms and conditions herein set forth, the Company agrees to issue and sell to the Initial Purchasers, and the Initial Purchasers, acting severally and not jointly, agree to purchase the Notes in the respective amounts set forth on Schedule 1 hereto from the Company at 100% of their principal amount less an Initial Purchasers' fee of 2.25% of their principal amount. One or more certificates in definitive form for the Notes that the Initial Purchasers have agreed to purchase hereunder, and in such denomination or denominations and registered in such name or names as the Initial Purchasers request upon notice to the Company at least 36 hours prior to the Closing Date,

shall be delivered by or on behalf of the Company to the Initial Purchasers, against payment by or on behalf of the Initial Purchasers of the purchase price therefor by wire transfer (same day funds), to such account or accounts as the Company shall specify prior to the Closing Date, or by such means as the parties hereto shall agree prior to the Closing Date. Such delivery of and payment for the Notes shall be made at the offices of Cahill Gordon & Reindel, 80 Pine Street, New York, New York at 10:00 A.M., New York time, on June 28, 2002, or at such other place, time or date as the Initial Purchasers, on the one hand, and the Company, on the other hand, may agree upon, such time and date of delivery against payment being herein referred to as the "Closing Date." The Company will make such certificate or certificates for the Notes available for checking and packaging by the Initial Purchasers at the offices of Deutsche Bank Securities Inc. in New York, New York, or at such other place as Deutsche Bank Securities Inc. may designate, at least 24 hours prior to the Closing Date.

4. Offering by the Initial Purchasers. The Initial Purchasers propose to make an offering of the Notes at the price and upon the terms set forth in the Final Memorandum as soon as practicable after this Agreement is entered into and as in the judgment of the Initial Purchasers is advisable.

5. Covenants of the Company. The Company covenants and agrees with each of the Initial Purchasers that:

(a) The Company will not amend or supplement the Final Memorandum or any amendment or supplement thereto of which the Initial Purchasers shall not previously have been advised and furnished a copy for a reasonable period of time prior to the proposed amendment or supplement and as to which the Initial Purchasers shall not have given their consent (not to be unreasonably withheld). The Company will promptly, upon the reasonable request of the Initial Purchasers or counsel for the Initial Purchasers, make any amendments or supplements to the Preliminary Memorandum or the Final Memorandum that may be necessary or advisable in connection with the resale of the Notes by the Initial Purchasers.

(b) The Company will cooperate with the Initial Purchasers in arranging for the qualification of the Notes for offering and sale under the securities or "Blue Sky" laws of such European Union, Canadian or United States jurisdictions as the Initial Purchasers may designate and will continue such qualifications in effect for as long as may be reasonably necessary to complete the resale of the Notes; provided, however, that in connection therewith, the Company shall not be required to qualify as a foreign corporation (or any other foreign business organization) or to execute a general consent to service of process in any jurisdiction or subject itself to taxation in excess of a nominal dollar amount in any such jurisdiction where it is not then so subject.

(c) If, at any time prior to the completion of the distribution by the Initial Purchasers of the Notes or the Private Exchange Notes, any event occurs or information becomes known as a result of which the Final Memorandum as then amended or supplemented would include any untrue statement of a material fact, or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if for any other reason it is necessary at any time to amend or supplement the Final Memorandum to comply with applicable law, the Company will promptly notify the Initial Purchasers thereof and will prepare, at the expense of the Company, an amendment or supplement to the Final Memorandum that corrects such statement or omission or effects such compliance.

(d) The Company will, without charge, provide to the Initial Purchasers and to counsel for the Initial Purchasers as many copies of the Preliminary Memorandum and the Final Memorandum or any amendment or supplement thereto as the Initial Purchasers may reasonably request.

(e) The Company will apply the net proceeds from the sale of the Notes as set forth under "Use of Proceeds" in the Final Memorandum.

(f) Until the third anniversary of the Closing Date, the Company will furnish to the Initial Purchasers copies of all reports and other communications (financial or otherwise) furnished by the Company to the Trustee or to the holders of the Notes and, as soon as available, copies of any reports or financial statements furnished to or filed by the Company with the Commission or any national securities exchange on which any class of securities of the Company may be listed; provided, however, that any such reports or financial statements furnished to or filed by the Company with the Commission need not be separately furnished to the Initial Purchasers if such reports or statements are publicly available through the Commission's electronic data gathering and retrieval database.

(g) Prior to the Closing Date, the Company will furnish to the Initial Purchasers, as soon as they have been prepared, a copy of any substantially complete unaudited interim financial statements of the Company prepared in the ordinary course of business for any period subsequent to the period covered by the most recent financial statements appearing in the Final Memorandum.

(h) None of the Company or any of its Affiliates will sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any "security" (as defined in the Act) that could be integrated with the sale of the Notes in a manner which would require the registration under the Act of the Notes.

(i) The Company will not, and will not permit any of the Subsidiaries to, engage in any form of general solicitation or general advertising (as those terms are used in Regulation D under the Act) in connection with the offering of the Notes or in any manner involving a public offering within the meaning of Section 4(2) of the Act.

(j) For so long as any of the Notes remain outstanding, the Company will make available at its expense, upon request, to any holder of such Notes and any prospective purchasers thereof the information specified in Rule 144A(d)(4) under the Act, unless the Company is then subject to Section 13 or 15(d) of the Exchange Act.

(k) The Company will use its commercially reasonable efforts to (i) permit the Notes to be eligible for trading on the Luxembourg Stock Exchange and (ii) permit the Notes to be eligible for clearance and settlement through the Euroclear System and Clearstream Banking, societe anonyme.

(l) In connection with Notes offered and sold in an off shore transaction (as defined in Regulation S) the Company will not register any transfer of such Notes not made in accordance with the provisions of Regulation S and will not, except in accordance with the provisions of Regulation S, if applicable, issue any such Notes in the form of definitive securities.

(m) The Company will comply with all of its agreements set forth in the Indenture, the Registration Rights Agreement and the Security Documents.

6. Expenses. The Company agrees to pay all costs and expenses incident to the performance of its obligations under this Agreement, whether or not the transactions contemplated herein are consummated or this Agreement is terminated pursuant to Section 11 hereof, including all costs and expenses incident to (i) the printing, word processing or other production of documents with respect to the transactions contemplated hereby, including any costs of printing the Preliminary Memorandum and the Final Memorandum and any amendment or supplement thereto, and any "Blue Sky" memoranda, (ii) all arrangements relating to the delivery to the Initial Purchasers of copies of the foregoing documents, (iii) the fees and disbursements of the counsel, the accountants and any other experts or advisors retained by the Company, (iv) preparation (including printing), issuance and delivery to the Initial Purchasers of the Notes, (v) the qualification of the Notes under European Union, Canadian and United States state securities and "Blue Sky" laws, including filing fees and reasonable fees and disbursements of counsel for the Initial Purchasers relating thereto, (vi) expenses in connection with the "roadshow" and any other meetings with prospective investors in the Notes, (vii) fees and expenses of the Trustee and Luxembourg Listing Agent including fees and expenses of counsel, (viii) all expenses and listing fees incurred in connection with the application for listing of the Notes on the Luxembourg Stock Exchange and (ix) any fees charged

by investment rating agencies for the rating of the Notes. If the sale of the Notes provided for herein is not consummated because any condition to the obligations of the Initial Purchasers set forth in Section 7 hereof is not satisfied on the Closing Date, because this Agreement is terminated or because of any failure, refusal or inability on the part of the Company to perform all obligations and satisfy all conditions on its part to be performed or satisfied hereunder (in any case other than solely by reason of a default by the Initial Purchasers of their obligations hereunder after all conditions hereunder have been satisfied in accordance herewith), the Company agrees to promptly reimburse the Initial Purchasers upon demand for all out-of-pocket expenses (including reasonable fees, disbursements and charges of Cahill Gordon & Reindel, counsel for the Initial Purchasers) that shall have been incurred by the Initial Purchasers in connection with the proposed purchase and sale of the Notes.

7. (A) Conditions of the Initial Purchasers' Obligations. The obligation of the Initial Purchasers to purchase and pay for the Notes shall, in their sole discretion, be subject to the satisfaction or waiver of the following conditions on or prior to the Closing Date:

(a) On the Closing Date, the Initial Purchasers shall have received (i) the opinion, dated as of the Closing Date and addressed to the Initial Purchasers, of Locke Liddell & Sapp LLP, counsel for the Company, in form and substance reasonably satisfactory to counsel for the Initial Purchasers, to the effect set forth in Exhibit A, (ii) the opinion, dated as of the Closing Date and addressed to the Initial Purchasers, of Meilicke Hoffman & Partner, German counsel to the Company, in form and substance reasonably satisfactory to counsel for the Initial Purchasers, to the effect set forth in Exhibit B, (iii) the opinion, dated as of the Closing Date and addressed to the Initial Purchasers, of Bech-Bruun Dragsted Law Firm, Danish counsel to the Company, in form and substance reasonably satisfactory to the Initial Purchasers, to the effect set forth in Exhibit B, (iv) the opinion, dated as of the Closing Date and addressed to the Initial Purchasers, of Narbarro Nathanson, United Kingdom counsel to the Company, in form and substance reasonably satisfactory to the Initial Purchasers, to the effect set forth in Exhibit B, and (v) the opinion, dated as of the Closing Date and addressed to the Initial Purchasers, of MB et Associes, French counsel to the Company, in form and substance reasonably satisfactory to the Initial Purchasers, to the effect set forth in Exhibit B.

(b) On the Closing Date, the Initial Purchasers shall have received the opinion, in form and substance satisfactory to the Initial Purchasers, dated as of the Closing Date and addressed to the Initial Purchasers, of Cahill Gordon & Reindel, counsel for the Initial Purchasers, with respect to certain legal matters relating to this Agreement and such other related matters as the Initial Purchasers may reasonably require. In rendering

such opinion, Cahill Gordon & Reindel shall have received and may rely upon such certificates and other documents and information as it may reasonably request to pass upon such matters.

(c) The Initial Purchasers shall have received from the Independent Accountants a comfort letter or letters dated the date hereof and the Closing Date, in form and substance reasonably satisfactory to counsel for the Initial Purchasers.

(d) The representations and warranties of the Company contained in this Agreement shall be true and correct on and as of the date hereof and on and as of the Closing Date as if made on and as of the Closing Date; the statements of the Company's officers made in any certificate signed by them delivered on or as of the Closing Date in accordance with the provisions hereof shall be true and correct on and as of the date made and on and as of the Closing Date; the Company shall have performed in all material respects all covenants and agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to the Closing Date; and, except as described in the Final Memorandum (exclusive of any amendment or supplement thereto after the date hereof), subsequent to the date of the most recent financial statements in such Final Memorandum, there shall have been no event or development, and no information shall have become known, that, individually or in the aggregate, has or would be reasonably likely to have a Material Adverse Effect.

(e) The sale of the Notes hereunder shall not be enjoined (temporarily or permanently) on the Closing Date.

(f) Subsequent to the date of the most recent financial statements in the Final Memorandum (exclusive of any amendment or supplement thereto after the date hereof), none of the Company or any of the Subsidiaries shall have sustained any loss or interference with respect to its business or properties from fire, flood, hurricane, accident or other calamity, whether or not covered by insurance, or from any strike, organized labor dispute, labor slow down or work stoppage or from any legal or governmental proceeding, order or decree, which loss or interference, individually or in the aggregate, has or would be reasonably likely to have a Material Adverse Effect.

(g) The Initial Purchasers shall have received a certificate of the Company, dated the Closing Date, signed on behalf of the Company by its Chief Executive Officer or any President or Vice President and the Chief Financial Officer, to the effect that:

(i) The representations and warranties of the Company contained in this Agreement are true and correct on and as of the date hereof and on and as of the Closing Date, and the Company has

performed in all material respects all covenants and agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to the Closing Date;

(ii) At the Closing Date, since the date hereof or since the date of the most recent financial statements in the Final Memorandum (exclusive of any amendment or supplement thereto after the date hereof), no event or development has occurred, and no information has become known, that, individually or in the aggregate, has or would be reasonably likely to have a Material Adverse Effect; and

(iii) The sale of the Notes hereunder has not been enjoined (temporarily or permanently).

(h) On the Closing Date, the Initial Purchasers shall have received the Registration Rights Agreement executed by the Company and such agreement shall be in full force and effect at the Closing Date.

(i) On the Closing Date, the Initial Purchasers shall have received the Escrow and Pledge Agreement and the Securities Account Control Agreement, each dated the Closing Date, executed by the Company, NL Industries, Inc., the trustee identified therein and the securities intermediary identified therein.

(j) On or before the Closing Date, the Company shall have caused to be delivered the following documents and instruments with regard to the Collateral:

(i) to the Trustee (with a copy to the Initial Purchasers), the Security Agreements and other Security Documents, duly executed by the Company, together with certificates, if any, representing 65% of the issued and outstanding capital stock or other equity interests of the first-tier Subsidiaries required to be pledged to the Trustee and evidence of all registrations or filings in each of the offices where such registrations or filings are necessary or, in the opinion of the Initial Purchasers, desirable to perfect the Liens created or intended to be created thereby;

(ii) to the Initial Purchasers and the Trustee, evidence satisfactory to them of the payment of all filing fees and taxes in connection with the filings and registrations contemplated in clause (i) above and acknowledgment copies of all such filings; and

(iii) to the Initial Purchasers and the Trustee, evidence as may be reasonably requested that all other actions necessary to perfect

and, subject to Liens expressly permitted to exist by the terms of the applicable Security Document, protect the Liens created or intended to be created by the Security Documents have been taken.

(k) The new credit facility (the "New Credit Facility") among Kronos Titan GmbH & Co. OHG, Kronos Europe S.A./N.V., Kronos Titan A/S and Titania A/S (and other subsidiaries of the Company) and the lenders party thereto shall be in full force and effect; all conditions to making the initial loans thereunder shall have been satisfied and the borrowers thereunder shall be in compliance with all the terms thereof.

On or before the Closing Date, the Initial Purchasers and counsel for the Initial Purchasers shall have received from the Company such further documents, opinions, certificates, letters and schedules or instruments relating to the business, corporate, legal and financial affairs of the Company and the Subsidiaries as they shall have heretofore reasonably requested from the Company.

All such documents, opinions, certificates, letters, schedules or instruments delivered pursuant to this Agreement will comply with the provisions hereof only if they are reasonably satisfactory in all material respects to the Initial Purchasers and counsel for the Initial Purchasers. The Company shall furnish to the Initial Purchasers such conformed copies of such documents, opinions, certificates, letters, schedules and instruments in such quantities as the Initial Purchasers shall reasonably request.

(B) Condition of the Company's Obligations. The obligation of the Company to issue and sell the Notes shall, in its sole discretion, be subject to the satisfaction or waiver of the condition that on or prior to the Closing Date the New Credit Facility shall be in full force and effect; all conditions to making the initial loans thereunder shall have been satisfied and the borrowers thereunder shall be in compliance with all the terms thereof.

8. Offering of Notes; Restrictions on Transfer. (a) Each of the Initial Purchasers agrees with the Company (as to itself only) that (i) it has not and will not solicit offers for, or offer or sell, the Notes by any form of general solicitation or general advertising (as those terms are used in Regulation D under the Act) or in any manner involving a public offering within the meaning of Section 4(2) of the Act; and (ii) it has and will solicit offers for the Notes only from, and will offer the Notes only to (A) in the case of offers inside the United States, persons whom the Initial Purchasers reasonably believe to be qualified institutional buyers within the meaning of Rule 144A under the Act (individually, a "QIB") or, if any such person is buying for one or more institutional accounts for which such person is acting as fiduciary or agent, only when such person has represented to the Initial Purchasers that each such account is a QIB, to whom notice has been given that such sale or delivery

is being made in reliance on Rule 144A, and, in each case, in transactions under Rule 144A and (B) in the case of offers outside the United States, to persons other than U.S. persons ("non-U.S. purchasers," which term shall include dealers or other professional fiduciaries in the United States acting on a discretionary basis for non-U.S. beneficial owners (other than an estate or trust)); provided, however, that in the case of this clause (B), in purchasing such Notes such persons are deemed to have represented and agreed as provided under the caption "Transfer Restrictions" contained in the Final Memorandum (or, if the Final Memorandum is not in existence, in the most recent Memorandum).

(b) Each of the Initial Purchasers represents, warrants and covenants (as to itself only) with respect to offers and sales outside the United States that (i) it has and will comply with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Notes or has in its possession or distributes any Memorandum or any such other material, in all cases at its own expense; (ii) the Notes have not been and will not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Act or pursuant to an exemption from the registration requirements of the Act; and (iii) it has offered the Notes and will offer and sell the Notes (A) as part of its distribution at any time and (B) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, only in accordance with Rule 903 of Regulation S and, accordingly, neither it nor any persons acting on its behalf have engaged or will engage in any directed selling efforts (within the meaning of Regulation S) with respect to the Notes, and any such persons have complied and will comply with the offering restrictions requirement of Regulation S.

Terms used in this Section 8 and not defined in this Agreement have the meanings given to them in Regulation S.

9. Indemnification and Contribution. (a) The Company agrees to indemnify and hold harmless each Initial Purchaser, each person, if any, who controls any Initial Purchaser within the meaning of Section 15 of the Act or Section 20 of the Exchange Act and any U.S. affiliate of an Initial Purchaser against any losses, claims, damages or liabilities to which any Initial Purchaser or such controlling person may become subject under the Act, the Exchange Act or otherwise, insofar as any such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon:

(i) any untrue statement or alleged untrue statement made by the Company in Section 2 hereof;

(ii) any untrue statement or alleged untrue statement of any material fact contained in any Memorandum or any amendment or supplement thereto; or

(iii) the omission or alleged omission to state, in any Memorandum or any amendment or supplement thereto, a material fact required to be stated therein or necessary to make the statements therein not misleading,

and will reimburse, as incurred, the Initial Purchasers and each such controlling person and such U.S. affiliates for any reasonable legal or other expenses incurred by the Initial Purchasers or such controlling person in connection with investigating, defending against or appearing as a third-party witness in connection with any such loss, claim, damage, liability or action; provided, however, that the Company will not be liable in any such case to the extent that any such loss, claim, damage, or liability arises out of or is based upon any untrue statement or alleged untrue statement or omission or alleged omission made in any Memorandum or any amendment or supplement thereto in reliance upon and in conformity with written information concerning the Initial Purchasers furnished to the Company by one or more of the Initial Purchasers specifically for use therein; provided, further, that the Company will not be liable to any Initial Purchaser or any person controlling such Initial Purchaser with respect to an untrue statement or alleged untrue statement or omission or alleged omission made in any Preliminary Memorandum that is corrected in the Final Memorandum (or any amendment or supplement thereto) if the person asserting any such loss, claim, damage or liability purchased Notes but was not sent or given a copy of the Final Memorandum (as the same may have been amended or supplemented) in any case where such delivery of the Final Memorandum (as the same may have been amended or supplemented) was required by the Act, unless such failure to deliver the Final Memorandum (as the same may have been amended or supplemented) was a result of non-compliance by the Company with Section 5(c) hereof. The indemnity provided for in this Section 9 will be in addition to any liability that the Company may otherwise have to the indemnified parties. The Company shall not be liable under this Section 9 for any settlement of any claim or action effected without its prior written consent, which shall not be unreasonably withheld.

(b) Each Initial Purchaser, severally and not jointly, agrees to indemnify and hold harmless the Company, its directors, its officers and each person, if any, who controls the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act against any losses, claims, damages or liabilities to which the Company or any such director, officer or controlling person may become subject under the Act, the Exchange Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in any Memorandum or any amendment or supplement thereto, or (ii) the omission or the alleged omission to state therein a material fact required to be stated in any Memorandum or any amendment or supplement thereto, or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made

in reliance upon and in conformity with written information concerning such Initial Purchaser, furnished to the Company by any of the Initial Purchasers specifically for use therein; and subject to the limitation set forth immediately preceding this clause, will reimburse, as incurred, any legal or other expenses incurred by the Company or any such director, officer or controlling person in connection with investigating or defending against or appearing as a third party witness in connection with any such loss, claim, damage, liability or action in respect thereof. The indemnity provided for in this Section 9 will be in addition to any liability that the Initial Purchasers may otherwise have to the indemnified parties. The Initial Purchasers shall not be liable under this Section 9 for any settlement of any claim or action effected without their consent, which shall not be unreasonably withheld. The Company shall not, without the prior written consent of the Initial Purchasers, effect any settlement or compromise of any pending or threatened proceeding in respect of which any Initial Purchaser is or could have been a party, or indemnity could have been sought hereunder by any Initial Purchaser, unless such settlement (A) includes an unconditional written release of the Initial Purchasers, in form and substance reasonably satisfactory to the Initial Purchasers, from all liability on claims that are the subject matter of such proceeding and (B) does not include any statement as to an admission of fault, culpability or failure to act by or on behalf of any Initial Purchaser.

(c) Promptly after receipt by an indemnified party under this Section 9 of notice of the commencement of any action for which such indemnified party is entitled to indemnification under this Section 9, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section 9, promptly notify the indemnifying party of the commencement thereof in writing; but the omission to so notify the indemnifying party (i) will not relieve it from any liability under paragraph (a) or (b) above unless and to the extent such failure results in the forfeiture by the indemnifying party of substantial rights and defenses and (ii) will not, in any event, relieve the indemnifying party from any obligations to any indemnified party other than the indemnification obligation provided in paragraphs (a) and (b) above. In case any such action is brought against any indemnified party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party; provided, however, that if (i) the use of counsel chosen by the indemnifying party to represent the indemnified party would present such counsel with a conflict of interest, (ii) the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have been advised by counsel that there may be one or more legal defenses available to it and/or other indemnified parties that are materially different from or materially additional to those available to the indemnifying party (it being understood that, without any limitation as to the defenses which may be materially different or materially additional, the availability of a due diligence defense shall be deemed materially different and materially additional for purposes of this Section 9(c)), or (iii) the indemnifying party shall not

have employed counsel reasonably satisfactory to the indemnified party to represent the indemnified party within a reasonable time after receipt by the indemnifying party of notice of the institution of such action, then, in each such case, the indemnifying party shall not have the right to direct the defense of such action on behalf of such indemnified party or parties and such indemnified party or parties shall have the right to select separate counsel to defend such action on behalf of such indemnified party or parties. After notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof and approval by such indemnified party of counsel appointed to defend such action, the indemnifying party will not be liable to such indemnified party under this Section 9 for any legal or other expenses, other than reasonable costs of investigation, subsequently incurred by such indemnified party in connection with the defense thereof, unless (i) the indemnified party shall have employed separate counsel in accordance with the proviso to the immediately preceding sentence (it being understood, however, that in connection with such action the indemnifying party shall not be liable for the expenses of more than one separate counsel (in addition to local counsel) in any one action or separate but substantially similar actions in the same jurisdiction arising out of the same general allegations or circumstances, designated by the Initial Purchasers in the case of paragraph (a) of this Section 9 or the Company in the case of paragraph (b) of this Section 9, representing the indemnified parties under such paragraph (a) or paragraph (b), as the case may be, who are parties to such action or actions) or (ii) the indemnifying party has authorized in writing the employment of counsel for the indemnified party at the expense of the indemnifying party. All fees and expenses reimbursed pursuant to this paragraph (c) shall be reimbursed as they are incurred. After such notice from the indemnifying party to such indemnified party, the indemnifying party will not be liable for the costs and expenses of any settlement of such action effected by such indemnified party without the prior written consent of the indemnifying party (which consent shall not be unreasonably withheld), unless such indemnified party waived in writing its rights under this Section 9, in which case the indemnified party may effect such a settlement without such consent.

(d) In circumstances in which the indemnity agreement provided for in the preceding paragraphs of this Section 9 is unavailable to, or insufficient to hold harmless, an indemnified party in respect of any losses, claims, damages or liabilities (or actions in respect thereof), each indemnifying party, in order to provide for just and equitable contribution, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect (i) the relative benefits received by the indemnifying party or parties on the one hand and the indemnified party on the other from the offering of the Notes or (ii) if the allocation provided by the foregoing clause (i) is not permitted by applicable law, not only such relative benefits but also the relative fault of the indemnifying party or parties on the one hand and the indemnified party on the

other in connection with the statements or omissions or alleged statements or omissions that resulted in such losses, claims, damages or liabilities (or actions in respect thereof). The relative benefits received by the Company on the one hand and any Initial Purchaser on the other shall be deemed to be in the same proportion as the total proceeds from the offering (before deducting expenses) received by the Company bear to the total discounts and commissions received by such Initial Purchaser. The relative fault of the parties shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand, or such Initial Purchaser on the other, the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission or alleged statement or omission, and any other equitable considerations appropriate in the circumstances. The Company and the Initial Purchasers agree that it would not be equitable if the amount of such contribution were determined by pro rata or per capita allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the first sentence of this paragraph (d). Notwithstanding any other provision of this paragraph (d), no Initial Purchaser shall be obligated to make contributions hereunder that in the aggregate exceed the total discounts, commissions and other compensation received by such Initial Purchaser under this Agreement, less the aggregate amount of any damages that such Initial Purchaser has otherwise been required to pay by reason of the untrue or alleged untrue statements or the omissions or alleged omissions to state a material fact, and no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) in connection with a matter for which contribution is otherwise available hereunder shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this paragraph (d), each person, if any, who controls an Initial Purchaser within the meaning of Section 15 of the Act or Section 20 of the Exchange Act shall have the same rights to contribution as the Initial Purchasers, and each director of the Company, each officer of the Company and each person, if any, who controls the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, shall have the same rights to contribution as the Company.

10. Survival Clause. The respective representations, warranties, agreements, covenants, indemnities and other statements of the Company, its officers (on behalf of the Company) and the Initial Purchasers set forth in this Agreement or made by or on behalf of them pursuant to this Agreement shall remain in full force and effect, regardless of (i) any investigation made by or on behalf of the Company, any of its officers or directors, the Initial Purchasers or any controlling person referred to in Section 9 hereof and (ii) delivery of and payment for the Notes. The respective agreements, covenants, indemnities and other statements set forth in Sections 6, 9, 10 and 15 hereof shall remain in full force and effect, regardless of any termination or cancellation of this Agreement.

11. Termination. (a) This Agreement may be terminated in the sole discretion of the Initial Purchasers by notice to the Company given prior to the Closing Date if the Company shall have failed, refused or been unable to perform all obligations and satisfy all conditions on its part to be performed or satisfied hereunder at or prior thereto (other than as a result of a breach by the Initial Purchasers of their obligations hereunder) or, if at or prior to the Closing Date:

(i) any of the Company or the Subsidiaries shall have sustained any loss or interference with respect to its businesses or properties from fire, flood, hurricane, accident or other calamity, whether or not covered by insurance, or from any strike, organized labor dispute, labor slow down or work stoppage or any legal or governmental proceeding, which loss or interference, in the sole judgment of the Initial Purchasers, has had or has a Material Adverse Effect, or there shall have been, in the sole judgment of the Initial Purchasers, any event or development that, individually or in the aggregate, has or could be reasonably likely to have a Material Adverse Effect, except in each case as described in the Final Memorandum (exclusive of any amendment or supplement thereto);

(ii) trading in securities of the Company or in securities generally on the Luxembourg Stock Exchange, New York Stock Exchange, American Stock Exchange or the NASDAQ National Market shall have been suspended or materially limited or minimum or maximum prices shall, based on trading activity, have been implemented on any such exchange or market;

(iii) a banking moratorium shall have been declared by authorities of the Federal Republic of Germany, the United Kingdom, Norway, Denmark, New York or the United States or a material disruption in commercial banking or securities settlement or clearance services in any member state of the European Union or the United States;

(iv) there shall have been (A) an outbreak or escalation of hostilities between any member state of the European Union or the United States and any foreign power, or (B) an outbreak or escalation of any other insurrection or armed conflict involving the United States or any other national or international calamity or emergency, or (C) any material adverse change in the financial markets of any member state of the Federal Republic of Germany, the United Kingdom, Norway, Denmark, or the United States which, in the case of (A), (B) or (C) above and in the sole judgment of the Initial Purchasers, makes it impracticable or inadvisable to proceed with the offering or the delivery of the Notes as contemplated by the Final Memorandum; or

(v) any securities of the Company shall have been downgraded or placed on any "watch list" for possible downgrading by any nationally recognized statistical rating organization.

(b)Termination of this Agreement pursuant to this Section 11 shall be without liability of any party to any other party except as provided in Section 10 hereof.

12. Information Supplied by the Initial Purchasers. The statements set forth in the last paragraph on the front cover page and in the second and third sentences of the third paragraph under the heading "Private Placement" in the Final Memorandum (to the extent such statements relate to the Initial Purchasers) constitute the only information furnished by the Initial Purchasers to the Company for the purposes of Sections 2(a) and 9 hereof.

13. Notices. All communications hereunder shall be in writing and, if sent to the Initial Purchasers, shall be mailed or delivered to the Initial Purchasers, c/o Deutsche Bank AG London, 1 Great Winchester Street, London EC2N 2DB, United Kingdom, Attention: Corporate Finance Department, and Dresdner Kleinwort Wasserstein, 20 Fenchurch Street, London EC3P3DB, United Kingdom, Attention: Corporate Finance Department; with a copy (which shall not be considered notice) to Cahill Gordon & Reindel, 80 Pine Street, New York, New York 10005, Attention: William B. Gannett, Esq.; if sent to the Company, shall be mailed or delivered to the Company at 16825 Northchase Drive, Suite 1200, Houston, Texas 77060, Attention: Robert D. Hardy; with a copy (which shall not be considered notice) to Locke Liddell & Sapp LLP, 2200 JP Morgan Chase Tower, Suite 2200, 2200 Ross Avenue, Dallas, Texas 75201-6776, Attention: Russell F. Coleman, Esq.

All such notices and communications shall be deemed to have been duly given: when delivered by hand, if personally delivered; five (5) business days after being deposited in the mail, postage prepaid, if mailed; and one business day after being timely delivered to a next-day air courier.

14. Successors. This Agreement shall inure to the benefit of and be binding upon the Initial Purchasers, the Company and their respective successors and legal representatives, and nothing expressed or mentioned in this Agreement is intended or shall be construed to give any other person any legal or equitable right, remedy or claim under or in respect of this Agreement, or any provisions herein contained; this Agreement and all conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of such persons and for the benefit of no other person except that (i) the indemnities of the Company contained in Section 9 of this Agreement shall also be for the benefit of any person or persons who control the Initial Purchasers within the meaning of Section 15 of the Act or Section 20 of the Exchange Act and (ii) the indemnities of the Initial Purchasers contained in Section 9 of this Agreement shall also be for the benefit of the directors of the Company, its officers and

any person or persons who control the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act. No purchaser of Notes from the Initial Purchasers will be deemed a successor because of such purchase.

15. APPLICABLE LAW. THE VALIDITY AND INTERPRETATION OF THIS AGREEMENT, AND THE TERMS AND CONDITIONS SET FORTH HEREIN SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED WHOLLY THEREIN, WITHOUT GIVING EFFECT TO ANY PROVISIONS THEREOF RELATING TO CONFLICTS OF LAW.

16. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

If the foregoing correctly sets forth our understanding, please indicate your acceptance thereof in the space provided below for that purpose, whereupon this letter shall constitute a binding agreement between the Company and the Initial Purchasers.

Very truly yours,

KRONOS INTERNATIONAL, INC.

By: /s/ Robert D. Hardy

Name: Robert D. Hardy
Title: Vice President

By: /s/ John St. Wrba

Name: John St. Wrba
Title: Assistant Treasurer

The foregoing Agreement is hereby confirmed and accepted as of the date first above written.

DEUTSCHE BANK AG LONDON

By: /s/ Brian Bassett

Name: Brian Bassett
Title: Director

By: /s/ Youssef Khlat

Name: Youssef Khlat
Title: Managing Director

DRESDNER BANK AG LONDON BRANCH

By: /s/ M. Aitken

Name: M. Aitken
Title: Managing Director

By: /s/ S. Clunie

Name: S. Clunie
Title: Director

COMMERZBANK AKTIENGESELLSCHAFT, LONDON BRANCH

By:

Name:
Title:

By: /s/ R. M. Curtis

Name: R. M. Curtis
Title: Syndicate

SCHEDULE 1

Initial Purchaser		Principal Amount of Notes
Deutsche Bank AG London.	(euro)	249,375,000
Dresdner Bank AG London Branch.....	(euro)	28,500,000
Commerzbank Aktiengesellschaft, London Branch.....	(euro)	7,125,000
Total.....	(euro)	285,000,000

SCHEDULE 2A

Subsidiaries of the Company

Name	Jurisdiction of Incorporation
Kronos Titan GmbH & Co. OHG	Germany
Kronos Europe S.A./N.V.	Belgium
Kronos Limited	United Kingdom
Societe Industrielle Du Titane, S.A.	France
Kronos Denmark ApS	Denmark
Kronos Norge A/S	Norway
Kronos Titan A/S	Norway
Titania A/S	Norway

SCHEDULE 2B

Other Subsidiaries of the Company

Name	Jurisdiction of Incorporation
Kronos Chemie-GmbH	Germany
Kronos Invest A/S	Norway
Kronos B.V.	The Netherlands
The Jossingfjord Manufacturing Company A/S	Norway
Tinfoss Titan & Iron A/S	Norway
Kronos World Services, S.A.N.V.	Belgium
Unterstuetzungskasse Kronos Titan GmbH	Germany

EXHIBIT A

Form of Opinion of Locke Liddell & Sapp LLP

[See Attached]

EXHIBIT B

Form of Opinion of Local Counsel to the Company

[See Attached]

Exhibit 4.5

REGISTRATION RIGHTS AGREEMENT

Dated as of June 28, 2002

Among

KRONOS INTERNATIONAL, INC.,

as Issuer,

and

DEUTSCHE BANK AG LONDON,

DRESDNER BANK AG LONDON BRANCH,

and

Commerzbank Aktiengesellschaft, London Branch,

as Initial Purchasers

8 7/8% Senior Secured Notes due 2009

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REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "Agreement") is dated as of June 28, 2002, among KRONOS INTERNATIONAL, INC., a corporation organized under the laws of Delaware (the "Issuer"), and DEUTSCHE BANK AG LONDON, DRESDNER BANK AG LONDON BRANCH and Commerzbank Aktiengesellschaft, London Branch, as initial purchasers (collectively, the "Initial Purchasers").

This Agreement is entered into in connection with the Purchase Agreement by and among the Issuer and the Initial Purchasers, dated as of June 19, 2002 (the "Purchase Agreement"), which provides for, among other things, the sale by the Issuer to the Initial Purchasers of (euro) 285,000,000 aggregate principal amount of the Issuer's 8 7/8% Senior Secured Notes due 2009 (the "Securities"). In order to induce the Initial Purchasers to enter into the Purchase Agreement, the Issuer has agreed to provide the registration rights set forth in this Agreement for the benefit of the Initial Purchasers and any subsequent holder or holders of the Securities. The execution and delivery of this Agreement is a condition to the Initial Purchasers' obligation to purchase the Securities under the Purchase Agreement.

The parties hereby agree as follows:

1. Definitions

As used in this Agreement, the following terms shall have the following meanings:

Additional Interest: See Section 4(a) hereof.

Advice: See the last paragraph of Section 5 hereof.

Agreement: See the introductory paragraphs hereto.

Applicable Period: See Section 2(b) hereof.

Business Day: Any day that is not a Saturday, Sunday or a day on which banking institutions in New York or Texas are authorized or required by law to be closed.

Effectiveness Date: With respect to (i) the Exchange Offer Registration Statement, the 270th day after the Issue Date and (ii) any Shelf Registration Statement, the 270th day after the Filing Date with respect thereto; provided, however, that if the Effectiveness Date would otherwise fall on a day that is not a Business Day, then the Effectiveness Date shall be the next succeeding Business Day.

Effectiveness Period: See Section 3(a) hereof.

Event Date: See Section 4 hereof.

Exchange Act: The Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

Exchange Offer: See Section 2(a) hereof.

Exchange Offer Registration Statement: See Section 2(a) hereof.

Exchange Securities: See Section 2(a) hereof.

Filing Date: (A) If no Registration Statement has been filed by the Issuer pursuant to this Agreement, the 120th day after the Issue Date; and (B) in any other case (which may be applicable notwithstanding the consummation of the Exchange Offer), the 120th day after the delivery of a Shelf Notice as required pursuant to Section 2(c) hereof; provided, however, that if the Filing Date would otherwise fall on a day that is not a Business Day, then the Filing Date shall be the next succeeding Business Day.

Holder: Any holder of a Registrable Security or Registrable Securities.

Indenture: The Indenture, dated as of June 28, 2002, by and among the Issuer and The Bank of New York, as Trustee, pursuant to which the Securities are being issued, as amended or supplemented from time to time in accordance with the terms thereof.

Information: See Section 5(o) hereof.

Initial Purchasers: See the introductory paragraphs hereto.

Inspectors: See Section 5(o) hereof.

Issue Date: June 28, 2002, the date of original issuance of the Securities.

Issuer: See the introductory paragraphs hereto.

NASD: See Section 5(s) hereof.

Participant: See Section 7(a) hereof.

Participating Broker-Dealer: See Section 2(b) hereof.

Person: An individual, trustee, corporation, partnership, limited liability company, joint stock company, trust, unincorporated association, union, business association, firm or other legal entity.

Private Exchange: See Section 2(b) hereof.

Private Exchange Securities: See Section 2(b) hereof.

Prospectus: The prospectus included in any Registration Statement (including, without limitation, any prospectus subject to completion and a prospectus that includes any information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A under the Securities Act and any term sheet filed pursuant to Rule 434 under the Securities Act), as amended or supplemented by any prospectus supplement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

Purchase Agreement: See the introductory paragraphs hereof.

Records: See Section 5(o) hereof.

Registrable Securities: Each Security upon its original issuance and at all times subsequent thereto, each Exchange Security as to which Section 2(c)(iv) hereof is applicable upon original issuance and at all times subsequent thereto and each Private Exchange Security upon original issuance thereof and at all times subsequent thereto, until, in each case, the earliest to occur of (i) a Registration Statement (other than, with respect to any Exchange Security as to which Section 2(c)(iv) hereof is applicable, the Exchange Offer Registration Statement) covering such Security, Exchange Security or Private Exchange Security has been declared effective by the SEC and such Security, Exchange Security or such Private Exchange Security, as the case may be, has been disposed of in accordance with such effective Registration Statement, (ii) such Security has been exchanged pursuant to the Exchange Offer for an Exchange Security or Exchange Securities that may be resold without restriction under state and federal securities laws, (iii) such Security, Exchange Security or Private Exchange Security, as the case may be, ceases to be outstanding for purposes of the Indenture or (iv) such Security, Exchange Security or Private Exchange Security, as the case may be, may be resold without restriction pursuant to Rule 144(k) (as amended or replaced) under the Securities Act.

Registration Statement: Any registration statement of the Issuer that covers any of the Securities, the Exchange Securities or the Private Exchange Securities filed with the SEC under the Securities Act, including the Prospectus, amendments and supplements to such registration statement, including

post-effective amendments, all exhibits, and all material incorporated by reference or deemed to be incorporated by reference in such registration statement.

Rule 144: Rule 144 under the Securities Act.

Rule 144A: Rule 144A under the Securities Act.

Rule 405: Rule 405 under the Securities Act.

Rule 415: Rule 415 under the Securities Act.

Rule 424: Rule 424 under the Securities Act.

SEC: The U.S. Securities and Exchange Commission.

Securities: See the introductory paragraphs hereto.

Securities Act: The Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

Shelf Notice: See Section 2(c) hereof.

Shelf Registration: See Section 3(a) hereof.

Shelf Registration Statement: Any Registration Statement relating to a Shelf Registration.

Suspension Period. See Section 3(a) hereof.

TIA: The Trust Indenture Act of 1939, as amended.

Trustee: The trustee under the Indenture and the trustee (if any) under any indenture governing the Exchange Securities and Private Exchange Securities.

Underwritten registration or underwritten offering: A registration in which securities of the Issuer are sold to an underwriter for reoffering to the public.

Except as otherwise specifically provided, all references in this Agreement to acts, laws, statutes, rules, regulations, releases, forms, no-action letters and other regulatory requirements (collectively, "Regulatory Requirements") shall be deemed to refer also to any amendments thereto and all subsequent Regulatory Requirements adopted as a replacement thereto having substantially the same effect therewith; provided that Rule 144 shall not be deemed to amend or replace Rule 144A.

2. Exchange Offer

(a) Unless the Exchange Offer would violate applicable law or any applicable interpretation of the staff of the SEC, the Issuer shall file with the SEC, no later than the Filing Date, a Registration Statement (the "Exchange Offer Registration Statement") on an appropriate registration form with respect to a registered offer (the "Exchange Offer") to exchange any and all of the Registrable Securities (other than the Private Exchange Securities, if any) for a like aggregate principal amount of debt securities of the Issuer (the "Exchange Securities") that are substantially identical in all material respects to the Securities, except that (i) the Exchange Securities shall contain no restrictive legend thereon, (ii) the Exchange Securities and the Private Exchange Securities shall not contain provisions for the Additional Interest contemplated in Section 4 hereof and (iii) interest thereon shall accrue from (A) the later of (x) the last interest payment date on which interest was paid on the Securities surrendered in exchange therefor, or (y) if the Securities are surrendered for exchange on a date in a period which includes the record date for an interest payment date to occur on or after the date of such exchange and as to which interest will be paid, the date of such interest payment date, or (B) if no interest has been paid on such Securities, from the Issue Date. The Exchange Securities and the Private Exchange Securities shall be entitled to the benefits of the Indenture or a trust indenture which is identical in all material respects to the Indenture (other than such changes to the Indenture or any such identical trust indenture as are necessary to comply with the TIA) and which, in either case, has been qualified under the TIA, or is exempt from such qualification. The Indenture or such trust indenture shall provide that (i) the Exchange Securities shall not be subject to the transfer restrictions set forth therein but that the Private Exchange Securities shall be subject thereto and (ii) the Exchange Securities, the Private Exchange Securities and the Securities shall vote and consent together on all matters as one class and that none of the Exchange Securities, the Private Exchange Securities or the Securities shall have the right to vote or consent as a separate class on any matter. The Exchange Offer shall comply in all material respects with all applicable tender offer rules and regulations under the Exchange Act and other applicable laws. The Issuer shall use its best efforts to (x) cause the Exchange Offer Registration Statement to be declared effective under the Securities Act on or before the Effectiveness Date; (y) keep the Exchange Offer open for at least 30 days (or longer if required by applicable law) after the date that notice of the Exchange Offer is mailed to Holders; and (z) consummate the Exchange Offer on or prior to the 300th day following the Issue Date.

Each Holder (including, without limitation, each Participating Broker-Dealer) who participates in the Exchange Offer will be required, as a condition to its participation in the Exchange Offer, to represent to the Issuer in writing (which may be contained in the applicable letter of transmittal) that: (i) any Exchange Securities acquired in exchange for Registrable Securities tendered are being acquired in the ordinary course of business of the

Person receiving such Exchange Securities, whether or not such recipient is such Holder itself; (ii) at the time of the commencement of the Exchange Offer such Holder does not have an arrangement or understanding with any Person to participate in the distribution (within the meaning of the Securities Act) of the Exchange Securities in violation of the provisions of the Securities Act; (iii) such Holder is not an "affiliate" (as defined in Rule 405) of the Issuer or, if it is an affiliate of the Issuer, it will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable and will provide information to be included in the Shelf Registration Statement in accordance with Section 5 hereof in order to have its Securities included in the Shelf Registration Statement and benefit from the provisions regarding Additional Interest in Section 4 hereof; (iv) if such Holder is not a broker-dealer, such Holder is not engaging in and does not intend to engage in a distribution of the Exchange Securities; and (v) if such Holder is a Participating Broker-Dealer, such Holder has acquired the Registrable Securities as a result of market-making activities or other trading activities and that it will comply with the applicable provisions of the Securities Act (including, but not limited to, the prospectus delivery requirements thereunder); and (vi) such Holder is not acting on behalf of a Person who could not make the foregoing representations.

Upon consummation of the Exchange Offer in accordance with this Section 2, the provisions of this Agreement shall continue to apply, mutatis mutandis, solely with respect to Registrable Securities that are Private Exchange Securities, Exchange Securities as to which Section 2(c)(iv) is applicable and Exchange Securities held by Participating Broker-Dealers, and the Issuer shall have no further obligation to register Registrable Securities (other than Private Exchange Securities and Exchange Securities as to which clause 2(c)(iv) hereof applies) pursuant to Section 3 hereof.

No securities other than the Exchange Securities shall be included in the Exchange Offer Registration Statement.

(b) The Issuer shall include within the Prospectus contained in the Exchange Offer Registration Statement a section entitled "Plan of Distribution," reasonably acceptable to the Initial Purchasers, which shall contain a summary statement of the positions taken or policies made by the staff of the SEC with respect to the potential "underwriter" status of any broker-dealer that is the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) of Exchange Securities received by such broker-dealer in the Exchange Offer (a "Participating Broker-Dealer"), whether such positions or policies have been publicly disseminated by the staff of the SEC or such positions or policies represent the prevailing views of the staff of the SEC. Such "Plan of Distribution" section shall also expressly permit, to the extent permitted by applicable policies and regulations of the SEC, the use of the Prospectus by all Persons subject to the prospectus delivery requirements of the Securities Act, including, to the extent permitted by applicable policies and regulations of the

SEC, all Participating Broker-Dealers, and include a statement describing the means by which Participating Broker-Dealers may resell the Exchange Securities in compliance with the Securities Act.

The Issuer shall use its best efforts to keep the Exchange Offer Registration Statement effective and to amend and supplement the Prospectus contained therein in order to permit such Prospectus to be lawfully delivered by all Persons subject to the prospectus delivery requirements of the Securities Act for such period of time as is necessary to comply with applicable law in connection with any resale of the Exchange Securities; provided, however, that such period shall not be required to exceed 90 days or such longer period if extended pursuant to the last paragraph of Section 5 hereof (the "Applicable Period").

If, prior to consummation of the Exchange Offer, the Initial Purchasers hold any Securities acquired by them that have the status of an unsold allotment in the initial distribution, the Issuer upon the request of the Initial Purchasers shall simultaneously with the delivery of the Exchange Securities issue and deliver to the Initial Purchasers, in exchange (the "Private Exchange") for such Securities held by any such Holder, a like principal amount of securities (the "Private Exchange Securities") of the Issuer that are identical in all material respects to the Exchange Securities, except for the placement of a restrictive legend on such Private Exchange Securities. The Private Exchange Securities shall be issued pursuant to the same indenture as the Exchange Securities and the Issuer shall use its best efforts to have the Private Exchange Securities bear the same CUSIP number as the Exchange Securities. The Issuer shall not have any liability under this Agreement solely as a result of the Private Exchange Securities not bearing the same CUSIP number as the Exchange Securities.

In connection with the Exchange Offer, the Issuer shall:

(1) mail, or cause to be mailed, to each Holder of record entitled to participate in the Exchange Offer a copy of the Prospectus forming part of the Exchange Offer Registration Statement, together with an appropriate letter of transmittal and related documents;

(2) use their best efforts to keep the Exchange Offer open for not less than 30 calendar days after the date that notice of the Exchange Offer is mailed to Holders (or longer if required by applicable law);

(3) utilize the services of a depositary for the Exchange Offer with an address in the Borough of Manhattan, The City of New York;

(4) permit Holders to withdraw tendered Registrable Securities at any time prior to 5:00 p.m., New York time, on the last Business Day on which the Exchange Offer remains open by sending to the institution specified in the

notice, a telegram, facsimile transmission or letter setting forth the name of such Holder, the principal amount of Registrable Securities delivered for exchange and a statement that the Holder is withdrawing such Holder's election to have such Registrable Securities or portion thereof exchanged; and

(5) otherwise comply in all material respects with all applicable laws, rules and regulations relating to the Exchange Offer.

As soon as practicable after the close of the Exchange Offer and the Private Exchange, if any, the Issuer shall:

(1) accept for exchange all Registrable Securities validly tendered and not validly withdrawn pursuant to the Exchange Offer and the Private Exchange, if any in accordance with the terms of the Exchange Offer Registration Statement and the related letter of transmittal;

(2) deliver to the Trustee for cancellation all Registrable Securities so accepted for exchange; and

(3) cause the Trustee to authenticate and deliver promptly to each Holder of Securities, Exchange Securities or Private Exchange Securities, as the case may be, equal in principal amount to the Registrable Securities of such Holder so accepted for exchange; provided that, in the case of any Registrable Securities held in global form by a depositary, authentication and delivery to such depositary of one or more replacement Securities in global form in an equivalent principal amount thereto for the account of such Holders in accordance with the Indenture shall satisfy such authentication and delivery requirement.

The Exchange Offer and the Private Exchange shall not be subject to any conditions, other than that (i) the Exchange Offer or Private Exchange, as the case may be or the making of any exchange by a Holder, does not violate applicable law or any applicable interpretation of the staff of the SEC; (ii) the valid tendering of Registrable Securities in accordance with the Exchange Offer and the Private Exchange; (iii) no action or proceeding shall have been instituted or threatened in any court or by any governmental agency which, in the Issuer's reasonable judgment, might materially impair the ability of the Issuer to proceed with the Exchange Offer or the Private Exchange, and no material adverse development shall have occurred in any existing action or proceeding with respect to the Issuer; and (iv) all governmental approvals shall have been obtained, which approvals the Issuer deems necessary for the consummation of the Exchange Offer or Private Exchange.

(c) If, (i) because of any change in law or in currently prevailing interpretations of the staff of the SEC, the Issuer is not permitted to effect the Exchange Offer, (ii) the Exchange Offer is not consummated within 300 days of the Issue Date, (iii) the Initial Purchasers or any Holder of Private Exchange Securities so requests in writing to the Issuer at any time within 90 days after the consummation of the Exchange Offer or (iv) in the case of any Holder that participates in the Exchange Offer, such Holder does not receive Exchange Securities on the date of the exchange that may be sold without restriction under state and federal securities laws (other than due solely to the status of such Holder as an affiliate of the Issuer within the meaning of the Securities Act) and so notifies the Issuer within 30 days after such Holder first becomes aware of such restrictions, in the case of each of clauses (i) to and including (iv) of this sentence, then the Issuer shall promptly deliver to the Holders and the Trustee written notice thereof (the "Shelf Notice") and shall file a Shelf Registration pursuant to Section 3 hereof.

3. Shelf Registration

If at any time a Shelf Notice is delivered as contemplated by Section 2(c) hereof, then:

(a) Shelf Registration. The Issuer shall use its best efforts to file with the SEC a Registration Statement for an offering to be made on a continuous basis pursuant to Rule 415 covering all of the Registrable Securities (the "Shelf Registration") on or prior to the applicable Filing Date. The Shelf Registration shall be on Form S-1 or another appropriate form permitting registration of such Registrable Securities for resale by Holders participating in the Shelf Registration in the manner or manners designated by them (including, without limitation, one or more underwritten offerings). The Issuer shall not permit any securities other than the Registrable Securities to be included in the Shelf Registration.

The Issuer shall use its best efforts to cause the Shelf Registration to be declared effective under the Securities Act on or prior to the Effectiveness Date and to keep the Shelf Registration continuously effective under the Securities Act until the date that is two years from the Issue Date or such shorter period ending when all Registrable Securities covered by the Shelf Registration have been sold in the manner set forth and as contemplated in the Shelf Registration or cease to be outstanding or otherwise to be Registrable Securities (the "Effectiveness Period"); provided, however, that the Effectiveness Period in respect of the Shelf Registration shall be extended to the extent required to permit dealers to comply with the applicable prospectus delivery requirements of Rule 174 under the Securities Act and as otherwise provided herein and shall be subject to reduction to the extent that the applicable provisions of Rule 144(k) are amended or revised to reduce the two year holding

period set forth therein; provided, further, that the foregoing shall not apply to actions taken by the Issuer in good faith and for valid business reasons (not including avoidance of their obligations hereunder), including, without limitation, the acquisition or divestiture of assets, so long as the Issuer within 90 days thereafter complies with the requirements of Section 5(u) hereof. Any such period during which the Issuer fails to keep the Shelf Registration Statement effective and usable for offers and sales of the Registrable Securities or Exchange Securities is referred to as a "Suspension Period." A Suspension Period shall commence on and include the date that the Issuer gives notice that the Shelf Registration Statement is no longer effective or the prospectus included therein is no longer usable for offers and sales of Registrable Securities and Exchange Securities and shall end on the date when each Holder of Registrable Securities and Exchange Securities covered by such registration statement either receives the copies of the supplemented or amended prospectus contemplated by Section 5(u) hereof or is advised in writing by the Issuer that use of the prospectus may be resumed. If one or more Suspension Periods occur, the two-year period referenced above shall be extended by the aggregate of the number of days included in each Suspension Period.

(b) Withdrawal of Stop Orders. If the Shelf Registration ceases to be effective for any reason at any time during the Effectiveness Period (other than because of the sale of all of the Securities registered thereunder or pursuant to the second proviso of the first sentence of the second paragraph of Section 3(a)), the Issuer shall use its best efforts to obtain the prompt withdrawal of any order suspending the effectiveness thereof, and in any event shall within 30 days of such cessation of effectiveness amend such Shelf Registration Statement in a manner to obtain the withdrawal of the order suspending the effectiveness thereof.

(c) Supplements and Amendments. The Issuer shall promptly supplement and amend the Shelf Registration if required by the rules, regulations or instructions applicable to the registration form used for such Shelf Registration, if required by the Securities Act, or if reasonably requested by the Holders of a majority in aggregate principal amount of the Registrable Securities (or their counsel) covered by such Registration Statement with respect to the information included therein with respect to one or more of such Holders, or by any underwriter of such Registrable Securities with respect to the information included therein with respect to such underwriter.

4. Additional Interest

(a) The Issuer and the Initial Purchasers agree that the Holders will suffer damages if the Issuer fails to fulfill its obligations under Section 2 or Section 3 hereof and that it would not be feasible to ascertain the extent of such damages with precision. Accordingly, the Issuer agrees to pay as liquidated damages, additional interest on the Registrable Securities

("Additional Interest") under the circumstances and to the extent set forth below (each of which shall be given independent effect):

(i) if (A) neither the Exchange Offer Registration Statement nor the Initial Shelf Registration has been filed on or prior to the Filing Date applicable thereto or (B) notwithstanding that the Issuer has consummated or will consummate the Exchange Offer, the Issuer is required to file a Shelf Registration and such Shelf Registration is not filed on or prior to the Filing Date applicable thereto, then, commencing on the day after any such Filing Date, Additional Interest shall accrue on the principal amount of the Registrable Securities at a rate of 0.25% per annum for the first 90 days immediately following such applicable Filing Date, and such Additional Interest rate shall increase by an additional 0.25% per annum at the beginning of each subsequent 90-day period; or

(ii) if (A) neither the Exchange Offer Registration Statement nor the Initial Shelf Registration is declared effective by the SEC on or prior to the Effectiveness Date applicable thereto or (B) notwithstanding that the Issuer has consummated or will consummate the Exchange Offer, the Issuer is required to file a Shelf Registration and such Shelf Registration is not declared effective by the SEC on or prior to the Effectiveness Date applicable to such Shelf Registration, then, commencing on the day after such Effectiveness Date, Additional Interest shall accrue on the principal amount of the Securities at a rate of 0.25% per annum for the first 90 days immediately following the day after such Effectiveness Date, and such Additional Interest rate shall increase by an additional 0.25% per annum at the beginning of each subsequent 90-day period; or

(iii) if (A) the Issuer has not exchanged Exchange Securities for all Securities validly tendered in accordance with the terms of the Exchange Offer on or prior to the 300th day after the Issue Date or (B) if applicable, a Shelf Registration has been declared effective and such Shelf Registration ceases to be effective at any time during the Effectiveness Period (other than because of the sale of all of the Securities registered thereunder), then Additional Interest shall accrue on the principal amount of the Registrable Securities at a rate of 0.25% per annum for the first 90 days commencing on the (x) 300th day after the Issue Date, in the case of (A) above, or (y) the day such Shelf Registration ceases to be effective (other than because of the sale of all of the Securities registered thereunder), in the case of (B) above, and such Additional Interest rate shall increase by an additional 0.25% per annum at the beginning of each such subsequent 90-day period;

provided, however, that the Additional Interest rate on the Securities may not accrue under more than one of the foregoing clauses (i) - (iii) at any one time and at no time shall the aggregate amount of additional interest accruing exceed

in the aggregate 0.75% per annum; provided, further, however, that (1) upon the filing of the Exchange Offer Registration Statement or the Shelf Registration as required hereunder (in the case of clause (i) above of this Section 4), (2) upon the effectiveness of the Exchange Offer Registration Statement or the Shelf Registration Statement as required hereunder (in the case of clause (ii) of this Section 4) or (3) upon the exchange of the Exchange Securities for all Securities tendered (in the case of clause (iii)(A) of this Section 4), or upon the effectiveness of the applicable Shelf Registration Statement which had ceased to remain effective (in the case of (iii)(B) of this Section 4), Additional Interest on the Securities in respect of which such events relate as a result of such clause (or the relevant subclause thereof), as the case may be, shall cease to accrue.

(b) The Issuer shall notify the Trustee within one Business Day after each and every date on which an event occurs in respect of which Additional Interest is required to be paid (an "Event Date"). Any amounts of Additional Interest due pursuant to (a)(i), (a)(ii) or (a)(iii) of this Section 4 will be payable in cash semiannually on each June 30 and December 30 (to the holders of record on June 15 and December 30 immediately preceding such dates), commencing with the first such date occurring after any such Additional Interest commences to accrue. The amount of Additional Interest will be determined by multiplying the applicable Additional Interest rate by the principal amount of the Registrable Securities, multiplied by a fraction, the numerator of which is the number of days such Additional Interest rate was applicable during such period (determined on the basis of a 360 day year comprised of twelve 30 day months and, in the case of a partial month, the actual number of days elapsed), and the denominator of which is 360.

5. Registration Procedures

In connection with the filing of any Registration Statement pursuant to Section 2 or 3 hereof, the Issuer shall effect such registrations to permit the sale of the securities covered thereby in accordance with the intended method or methods of disposition thereof, and pursuant thereto and in connection with any Registration Statement filed by the Issuer hereunder the Issuer shall:

(a) Prepare and file with the SEC prior to the applicable Filing Date a Registration Statement or Registration Statements as prescribed by Section 2 or 3 hereof, and use its best efforts to cause each such Registration Statement to become effective and remain effective as provided herein; provided, however, that if (1) such filing is pursuant to Section 3 hereof or (2) a Prospectus contained in the Exchange Offer Registration Statement filed pursuant to Section 2 hereof is required to be delivered under the Securities Act by any Participating Broker-Dealer

who seeks to sell Exchange Securities during the Applicable Period relating thereto from whom the Issuer has received written notice that it will be a Participating Broker-Dealer in the Exchange Offer, before filing any Registration Statement or Prospectus or any amendments or supplements thereto, the Issuer shall furnish to and afford the Holders of the Registrable Securities covered by such Registration Statement (with respect to a Registration Statement filed pursuant to Section 3 hereof) or each such Participating Broker-Dealer (with respect to any such Registration Statement), as the case may be, their counsel and the managing underwriters, if any, a reasonable opportunity to review copies of all such documents (including copies of any documents to be incorporated by reference therein and all exhibits thereto) proposed to be filed (in each case at least five business days prior to such filing). The Issuer shall not file any Registration Statement or Prospectus or any amendments or supplements thereto if the Holders of a majority in aggregate principal amount of the Registrable Securities covered by such Registration Statement, their counsel, or the managing underwriters, if any, shall reasonably object on a timely basis.

(b) Prepare and file with the SEC such amendments and post-effective amendments to each Shelf Registration Statement or Exchange Offer Registration Statement, as the case may be, as may be necessary to keep such Registration Statement continuously effective for the Effectiveness Period, the Applicable Period or until consummation of the Exchange Offer, as the case may be; cause the related Prospectus to be supplemented by any Prospectus supplement required by applicable law, and as so supplemented to be filed pursuant to Rule 424; and comply in all material respects with the provisions of the Securities Act and the Exchange Act applicable to it with respect to the disposition of all securities covered by such Registration Statement as so amended or in such Prospectus as so supplemented and with respect to the subsequent resale of any securities being sold by a Participating Broker-Dealer covered by any such Prospectus. The Issuer shall be deemed not to have used its best efforts to keep a Registration Statement effective if the Issuer voluntarily takes any action that would result in selling Holders of the Registrable Securities covered thereby or Participating Broker-Dealers seeking to sell Exchange Securities not being able to sell such Registrable Securities or such Exchange Securities during that period unless such action is required by applicable law, pursuant to the second proviso of the first sentence of the second paragraph of Section 3(a) or permitted by this Agreement.

(c) If (1) a Shelf Registration is filed pursuant to Section 3 hereof, or (2) a Prospectus contained in the Exchange Offer Registration Statement filed pursuant to Section 2 hereof is required to be delivered under the Securities Act by any Participating Broker-Dealer who seeks to sell Exchange Securities during the Applicable Period relating thereto from whom the Issuer has received written notice that it will be a Participating Broker-Dealer in the Exchange Offer, notify the selling Holders of Registrable Securities (with respect to a Registration Statement filed pursuant to Section 3 hereof), or each such Participating

Broker-Dealer (with respect to any such Registration Statement), as the case may be, their counsel and the managing underwriters, if any, promptly (but in any event within two Business Days), and confirm such notice in writing, (i) when a Prospectus or any Prospectus supplement or post-effective amendment has been filed, and, with respect to a Registration Statement or any post-effective amendment, when the same has become effective under the Securities Act and, upon request, at the sole expense of the Issuer, provide one conformed copy of such Registration Statement or post-effective amendment including financial statements and schedules, documents incorporated or deemed to be incorporated by reference and exhibits), (ii) of the issuance by the SEC of any stop order suspending the effectiveness of a Registration Statement or of any order preventing or suspending the use of any preliminary Prospectus or the initiation of any proceedings for that purpose, (iii) if at any time when a Prospectus is required by the Securities Act to be delivered in connection with sales of the Registrable Securities or resales of Exchange Securities by Participating Broker-Dealers the representations and warranties of the Issuer contained in any agreement (including any underwriting agreement) contemplated by Section 5(n) hereof cease to be true and correct in any material respect, (iv) of the receipt by the Issuer of any notification with respect to the suspension of the qualification or exemption from qualification of a Registration Statement or any of the Registrable Securities or the Exchange Securities to be sold by any Participating Broker-Dealer for offer or sale in any jurisdiction, or the initiation or written threat of any proceeding for such purpose, (v) of the happening of any event, the existence of any condition or any information becoming known that makes any statement made in such Registration Statement or related Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires the making of any changes in or amendments or supplements to such Registration Statement, Prospectus or documents so that, in the case of the Registration Statement, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and that in the case of the Prospectus, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and (vi) of the Issuer's determination that a post-effective amendment to a Registration Statement would be appropriate.

(d) Use its best efforts to prevent the issuance of any order suspending the effectiveness of a Registration Statement or of any order preventing or suspending the use of a Prospectus or suspending the qualification (or exemption from qualification) of any of the Registrable Securities or the Exchange Securities to be sold by any Participating Broker-Dealer, for sale in any jurisdiction, and, if any such order is

issued, to use its best efforts to obtain the withdrawal of any such order at the earliest practicable moment.

(e) If a Shelf Registration is filed pursuant to Section 3 and if requested during the Effectiveness Period by the managing underwriter or underwriters (if any), the Holders of a majority in aggregate principal amount of the Registrable Securities being sold in connection with an underwritten offering or any Participating Broker-Dealer, (i) as promptly as practicable incorporate in a Prospectus supplement or post-effective amendment such information as the managing underwriter or underwriters (if any), such Holders, any Participating Broker-Dealer or counsel for any of them determine is reasonably necessary to be included therein concerning themselves, (ii) make all required filings of such Prospectus supplement or such post-effective amendment as soon as practicable after the Issuer has received notification of the matters to be incorporated in such Prospectus supplement or post-effective amendment, and (iii) if required, supplement or make amendments to such Registration Statement.

(f) If (1) a Shelf Registration is filed pursuant to Section 3 hereof, or (2) a Prospectus contained in the Exchange Offer Registration Statement filed pursuant to Section 2 hereof is required to be delivered under the Securities Act by any Participating Broker-Dealer who seeks to sell Exchange Securities during the Applicable Period, furnish to each selling Holder of Registrable Securities (with respect to a Registration Statement filed pursuant to Section 3 hereof) and to each such Participating Broker-Dealer who so requests (with respect to any such Registration Statement) and to their respective counsel and each managing underwriter, if any, at the sole expense of the Issuer, one conformed copy of the Registration Statement or Registration Statements and each post-effective amendment thereto, including financial statements and schedules, and, if requested, all documents incorporated or deemed to be incorporated therein by reference and all exhibits.

(g) If (1) a Shelf Registration is filed pursuant to Section 3 hereof, or (2) a Prospectus contained in the Exchange Offer Registration Statement filed pursuant to Section 2 hereof is required to be delivered under the Securities Act by any Participating Broker-Dealer who seeks to sell Exchange Securities during the Applicable Period, deliver to each selling Holder of Registrable Securities (with respect to a Registration Statement filed pursuant to Section 3 hereof), or each such Participating Broker-Dealer (with respect to any such Registration Statement), as the case may be, their respective counsel, and the underwriters, if any, at the sole expense of the Issuer, as many copies of the Prospectus or Prospectuses (including each form of preliminary Prospectus) and each amendment or supplement thereto and any documents incorporated by reference therein as such Persons may reasonably request; and, subject to the last paragraph of this Section 5, the Issuer hereby consents to the

use of such Prospectus and each amendment or supplement thereto by each of the selling Holders of Registrable Securities or each such Participating Broker-Dealer, as the case may be, and the underwriters or agents, if any, and dealers, if any, in connection with the offering and sale of the Registrable Securities covered by, or the sale by Participating Broker-Dealers of the Exchange Securities pursuant to, such Prospectus and any amendment or supplement thereto.

(h) Prior to any public offering of Registrable Securities or any delivery of a Prospectus contained in the Exchange Offer Registration Statement by any Participating Broker-Dealer who seeks to sell Exchange Securities during the Applicable Period, use its best efforts to register or qualify, and to cooperate with the selling Holders of Registrable Securities or each such Participating Broker-Dealer, as the case may be, the managing underwriter or underwriters, if any, and their respective counsel in connection with the registration or qualification (or exemption from such registration or qualification) of such Registrable Securities for offer and sale under the securities or Blue Sky laws of such jurisdictions within the United States as any selling Holder, Participating Broker-Dealer, or the managing underwriter or underwriters reasonably request in writing; provided, however, that where Exchange Securities held by Participating Broker-Dealers or Registrable Securities are offered other than through an underwritten offering, the Issuer agrees to cause its counsel to perform Blue Sky investigations and file registrations and qualifications required to be filed pursuant to this Section 5(h), keep each such registration or qualification (or exemption therefrom) effective during the period such Registration Statement is required to be kept effective and do any and all other acts or things necessary or advisable to enable the disposition in such jurisdictions of the Exchange Securities held by Participating Broker-Dealers or the Registrable Securities covered by the applicable Registration Statement; provided, however, that the Issuer shall not be required to (A) qualify generally to do business in any jurisdiction where it is not then so qualified, (B) take any action that would subject it to general service of process in any such jurisdiction where it is not then so subject or (C) subject itself to taxation in any such jurisdiction where it is not then so subject.

(i) If a Shelf Registration is filed pursuant to Section 3 hereof, cooperate with the selling Holders of Registrable Securities and the managing underwriter or underwriters, if any, to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold, which certificates shall not bear any restrictive legends and shall be in a form eligible for deposit with The Depository Trust Company; and enable such Registrable Securities to be in such denominations (subject to applicable requirements contained in the

Indenture) and registered in such names as the managing underwriter or underwriters, if any, or Holders may request at least two Business Days prior to such sale.

(j) Use its best efforts to cause the Registrable Securities covered by the Registration Statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the seller or sellers thereof or the underwriter or underwriters, if any, to consummate the disposition of such Registrable Securities, provided, however, that the Issuer shall not be required to (A) qualify generally to do business, in any jurisdiction where it is not then so qualified, (B) take any action that would subject it to general service of process in any such jurisdiction where it is not then so subject or (C) subject itself to taxation in any such jurisdiction where it is not then so subject.

(k) If (1) a Shelf Registration is filed pursuant to Section 3 hereof, or (2) a Prospectus contained in the Exchange Offer Registration Statement filed pursuant to Section 2 hereof is required to be delivered under the Securities Act by any Participating Broker-Dealer who seeks to sell Exchange Securities during the Applicable Period, upon the occurrence of any event contemplated by paragraph 5(c)(v) or 5(c)(vi) hereof, as promptly as practicable prepare and (subject to Section 5(a) hereof) file with the SEC, at the sole expense of the Issuer, a supplement or post-effective amendment to the Registration Statement or a supplement to the related Prospectus or any document incorporated or deemed to be incorporated therein by reference, or file any other required document so that, as thereafter delivered to the purchasers of the Registrable Securities being sold thereunder (with respect to a Registration Statement filed pursuant to Section 3 hereof) or to the purchasers of the Exchange Securities to whom such Prospectus will be delivered by a Participating Broker-Dealer (with respect to any such Registration Statement), any such Prospectus will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(l) Use its best efforts to cause the Registrable Securities covered by a Registration Statement or the Exchange Securities, as the case may be, to be rated with the appropriate rating agencies, if so requested by the Holders of a majority in aggregate principal amount of Registrable Securities covered by such Registration Statement or the Exchange Securities, as the case may be, or the managing underwriter or underwriters, if any.

(m) Prior to the effective date of the first Registration Statement relating to the Registrable Securities, (i) provide the Trustee with

certificates for the Registrable Securities in a form eligible for deposit with The Depository Trust Company and (ii) provide a CUSIP number for the Registrable Securities.

(n) In connection with any underwritten offering of Registrable Securities pursuant to a Shelf Registration, enter into an underwriting agreement as is customary in underwritten offerings of debt securities similar to the Securities, and take all such other actions as are reasonably requested by the managing underwriter or underwriters in order to expedite or facilitate the registration or the disposition of such Registrable Securities and, in such connection, (i) make such representations and warranties to, and covenants with, the underwriters with respect to the business of the Issuer (including any acquired business, properties or entity, if applicable), and the Registration Statement, Prospectus and documents, if any, incorporated or deemed to be incorporated by reference therein, in each case, as are customarily made by issuers to underwriters in underwritten offerings of debt securities similar to the Securities, and confirm the same in writing if and when requested; (ii) obtain the written opinions of counsel to the Issuer, and written updates thereof in customary form, scope and substance reasonably satisfactory to the managing underwriter or underwriters addressed to the underwriters covering the matters customarily covered in opinions reasonably requested in underwritten offerings of debt securities similar to the Securities; (iii) obtain "cold comfort" letters and updates thereof in customary form, scope and substance reasonably satisfactory to the managing underwriter or underwriters from the independent certified public accountants of the Issuer (and, if necessary, any other independent certified public accountants of the Issuer, or of any business acquired by the Issuer, for which financial statements and financial data are, or are required to be, included or incorporated by reference in the Registration Statement), addressed to each of the underwriters, such letters to be in customary form and covering matters of the type customarily covered in "cold comfort" letters in connection with underwritten offerings of debt securities similar to the Securities; and (iv) if an underwriting agreement is entered into, the same shall contain indemnification provisions and procedures no less favorable to the parties, if any, than those set forth in Section 7 hereof (or such other provisions and procedures reasonably acceptable to Holders of a majority in aggregate principal amount of Registrable Securities covered by such Registration Statement and the managing underwriter or underwriters or agents, if any). The above shall be done at each closing under such underwriting agreement, or as and to the extent required thereunder.

(o) If (1) a Shelf Registration is filed pursuant to Section 3 hereof, or (2) a Prospectus contained in the Exchange Offer Registration Statement filed pursuant to Section 2 hereof is required to be delivered under the Securities Act by any Participating Broker-Dealer who seeks to

sell Exchange Securities during the Applicable Period, make available for inspection by any Initial Purchaser, any selling Holder of such Registrable Securities being sold (with respect to a Registration Statement filed pursuant to Section 3 hereof), or each such Participating Broker-Dealer, as the case may be, any underwriter participating in any such disposition of Registrable Securities, if any, and any attorney, accountant or other agent retained by any such selling Holder or each such Participating Broker-Dealer (with respect to any such Registration Statement), as the case may be, or underwriter (any such Initial Purchasers, Holders, Participating Broker-Dealers, underwriters, attorneys, accountants or agents, collectively, the "Inspectors"), upon written request, at the offices where normally kept, during reasonable business hours, all pertinent financial and other records, pertinent corporate documents and instruments of the Issuer and subsidiaries of the Issuer (collectively, the "Records"), as shall be reasonably necessary to enable them to exercise any applicable due diligence responsibilities, and cause the officers, directors and employees of the Issuer and any of its subsidiaries to supply all information ("Information") reasonably requested by any such Inspector in connection with such due diligence responsibilities. Each Inspector shall agree in writing that it will keep the Records and Information confidential and that it will not disclose any of the Records or Information that the Issuer determines, in good faith, to be confidential and notifies the Inspectors are confidential unless (i) the Issuer based upon advice of counsel determines that the disclosure of such Records or Information is necessary to avoid or correct a material misstatement or material omission in such Registration Statement or Prospectus, (ii) the release of such Records or Information is ordered pursuant to a subpoena or other order from a court of competent jurisdiction, (iii) disclosure of such Records or Information is ordered by any court or regulatory agency in connection with any action, claim, suit or proceeding, directly or indirectly, involving or potentially involving such Inspector and arising out of, based upon, relating to, or involving this Agreement or the Purchase Agreement, or any transactions contemplated hereby or thereby or arising hereunder or thereunder, or (iv) the information in such Records or Information has been made generally available to the public other than by an Inspector or an "affiliate" (as defined in Rule 405) thereof; provided, however, that prior notice shall be provided as soon as practicable to the Issuer of the potential disclosure of any information by such Inspector pursuant to clauses (i) or (ii) of this sentence to permit the Issuer to obtain a protective order (or waive the provisions of this paragraph (o)) and that such Inspector shall take such actions as are reasonably necessary to protect the confidentiality of such information (if practicable) to the extent such action is otherwise not inconsistent with, an impairment of or in derogation of the rights and interests of the Holder or any Inspector. The Inspectors will agree that all information obtained by it as a result of such inspection is confidential and shall be used as the basis for any market transactions in the securities of the Issuer or its affiliates unless and until such information is made generally available to the public.

(p) Provide an indenture trustee for the Registrable Securities or the Exchange Securities, as the case may be, and cause the Indenture or the trust indenture provided for in Section 2(a) hereof, as the case may be, to be qualified under the TIA not later than the effective date of the first Registration Statement relating to the Registrable Securities; and in connection therewith, cooperate with the trustee under any such indenture and the Holders of the Registrable Securities, to effect such changes (if any) to such indenture as may be required for such indenture to be so qualified in accordance with the terms of the TIA; and execute, and use its best efforts to cause such trustee to execute, all documents as may be required to effect such changes, and all other forms and documents required to be filed with the SEC to enable such indenture to be so qualified in a timely manner.

(q) Comply with all applicable rules and regulations of the SEC and make generally available to its securityholders with regard to any applicable Registration Statement, a consolidated earnings statement satisfying the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder (or any similar rule promulgated under the Securities Act) no later than 45 days after the end of any fiscal quarter (or 90 days after the end of any 12-month period if such period is a fiscal year) (i) commencing at the end of any fiscal quarter in which Registrable Securities are sold to underwriters in a firm commitment or best efforts underwritten offering and (ii) if not sold to underwriters in such an offering, commencing on the first day of the first fiscal quarter of the Issuer, after the effective date of a Registration Statement, which statements shall cover said 12-month periods.

(r) Upon consummation of the Exchange Offer or a Private Exchange, obtain an opinion of counsel to the Issuer, in a form customary for underwritten transactions, addressed to the Trustee for the benefit of all Holders of Registrable Securities participating in the Exchange Offer or the Private Exchange, as the case may be, that the Exchange Securities or Private Exchange Securities, as the case may be, and the related indenture constitute legal, valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms, subject to customary exceptions and qualifications. If the Exchange Offer or a Private Exchange is to be consummated, upon delivery of the Registrable Securities by Holders to the Issuer (or to such other Person as directed by the Issuer), in exchange for the Exchange Securities or the Private Exchange Securities, as the case may be, the Issuer shall mark, or cause to be marked, on such Registrable Securities that such Registrable Securities are being canceled in exchange for the Exchange Securities or the Private Exchange Securities, as the case may be; in no event shall such Registrable Securities be marked as paid or otherwise satisfied.

(s) Cooperate with each seller of Registrable Securities covered by any Registration Statement and each underwriter, if any, participating in the disposition of such Registrable Securities and their respective counsel in connection with any filings required to be made with the National Association of Securities Dealers, Inc. (the "NASD").

(t) Use its best efforts to take all other steps necessary to effect the registration of the Exchange Securities and/or Registrable Securities covered by a Registration Statement contemplated hereby.

(u) If any Suspension Period remains in effect more than 90 days after the occurrence thereof, the Issuer will promptly prepare and file with the Commission a post-effective amendment to the Registration Statement or a supplement to the related prospectus or file any other required document so that, as thereafter delivered to purchasers of the Exchange Securities or Private Exchange Securities from a Holder, the prospectus will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

The Issuer may require each seller of Registrable Securities as to which any registration is being effected to furnish to the Issuer such information regarding such seller and the distribution of such Registrable Securities as the Issuer may, from time to time, reasonably request . The Issuer may exclude from such registration the Registrable Securities of any seller which fails to furnish such information within a reasonable time after receiving such request and in such event shall have no further obligations under Sections 2 or 3 of this Agreement with respect to such seller. Each seller as to which any Shelf Registration is being effected agrees to furnish promptly to the Issuer all information required to be disclosed in order that the Prospectus related thereto shall not contain, with respect to such seller or such seller's disposition of such Registrable Securities, an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein misleading in light of the circumstances then existing.

If any such Registration Statement refers to any Holder by name or otherwise as the holder of any securities of the Issuer, then such Holder shall have the right to require (i) the insertion therein of language, in form and substance reasonably satisfactory to such Holder, to the effect that the holding by such Holder of such securities is not to be construed as a recommendation by such Holder of the investment quality of the securities covered thereby and that such holding does not imply that such Holder will assist in meeting any future financial requirements of the Issuer, or (ii) in the event that such reference to such Holder by name or otherwise is not required by the Securities Act or any

similar federal statute then in force, the deletion of the reference to such Holder in any amendment or supplement to the Registration Statement filed or prepared subsequent to the time that such reference ceases to be required.

Each Holder of Registrable Securities and each Participating Broker-Dealer agrees by its acquisition of such Registrable Securities or Exchange Securities to be sold by such Participating Broker-Dealer, as the case may be, that, upon actual receipt of any notice from the Issuer of the happening of any event of the kind described in Section 5(c)(ii), 5(c)(iv), 5(c)(v), or 5(c)(vi) hereof, such Holder will forthwith discontinue disposition of such Registrable Securities covered by such Registration Statement or Prospectus or Exchange Securities to be sold by such Holder or Participating Broker-Dealer, as the case may be, until such Holder's or Participating Broker-Dealer's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 5(k) hereof, or until it is advised in writing (the "Advice") by the Issuer that the use of the applicable Prospectus may be resumed, and has received copies of any amendments or supplements thereto. In the event that the Issuer shall give any such notice, each of the Applicable Period and the Effectiveness Period shall be extended by the number of days during such periods from and including the date of the giving of such notice to and including the date when each seller of Registrable Securities covered by such Registration Statement or Exchange Securities to be sold by such Participating Broker-Dealer, as the case may be, shall have received (x) the copies of the supplemented or amended Prospectus contemplated by Section 5(k) hereof or (y) the Advice.

6. Registration Expenses

All fees and expenses incident to the performance of or compliance with this Agreement by the Issuer shall be borne by the Issuer, whether or not the Exchange Offer Registration Statement or any Shelf Registration Statement is filed or becomes effective or the Exchange Offer is consummated, including, without limitation, (i) all registration and filing fees (including, without limitation, (A) fees with respect to filings required to be made with the NASD in connection with an underwritten offering and (B) fees and expenses of compliance with state and foreign securities or Blue Sky laws (including, without limitation, reasonable fees and disbursements of counsel in connection with Blue Sky qualifications of the Registrable Securities or Exchange Securities and determination of the eligibility of the Registrable Securities or Exchange Securities for investment under the laws of such jurisdictions (x) where the holders of Registrable Securities are located, in the case of the Exchange Securities, or (y) as provided in Section 5(h) hereof, in the case of Registrable Securities or Exchange Securities to be sold by a Participating Broker-Dealer during the Applicable Period)), (ii) printing expenses, including, without limitation, expenses of printing certificates for Registrable Securities or Exchange Securities in a form eligible for deposit with The Depository Trust Company and of printing prospectuses if the printing of prospectuses is requested by the managing underwriter or underwriters, if any, by the Holders of a majority in aggregate principal amount of the Registrable Securities included

in any Registration Statement or in respect of Registrable Securities or Exchange Securities to be sold by any Participating Broker-Dealer during the Applicable Period, as the case may be, (iii) reasonable messenger, telephone and delivery expenses relating to preparation of documents referenced herein, (iv) fees and disbursements of counsel for the Issuer and, in the case of a Shelf Registration, reasonable fees and disbursements of one special counsel for all of the sellers of Registrable Securities (exclusive of any counsel retained pursuant to Section 7 hereof), which counsel shall be reasonably satisfactory to the Issuer, (v) fees and disbursements of all independent certified public accountants referred to in Section 5(n)(iii) hereof (including, without limitation, the expenses of any "cold comfort" letters required by or incident to such performance), (vi) Securities Act liability insurance, if the Issuer desires such insurance, (vii) fees and expenses of all other Persons retained by the Issuer, (viii) internal expenses of the Issuer (including, without limitation, all salaries and expenses of officers and employees of the Issuer performing legal or accounting duties), (ix) the expense of any annual audit, (x) any fees and expenses incurred in connection with the listing of the securities to be registered on any securities exchange, and the obtaining of a rating of the securities, in each case, if applicable, and (xi) the expenses relating to printing, word processing and distributing all Registration Statements, underwriting agreements, indentures and any other documents necessary in order to comply with this Agreement. Notwithstanding the foregoing, the Holders shall pay all agency fees and commissions and underwriting discounts and commissions attributable to the sale of Registrable Securities and the fees and disbursements of any counsel or other advisors or experts retained by such Holders (severally or jointly), other than the counsel and experts referred to above.

7. Indemnification and Contribution. (a) The Issuer agrees to indemnify and hold harmless each Holder of Registrable Securities offered pursuant to a Shelf Registration Statement and each Participating Broker-Dealer selling Exchange Securities during the Applicable Period, and each Person, if any, who controls such Person or its affiliates within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (each, a "Participant") against any losses, claims, damages or liabilities to which any Participant may become subject under the Act, the Exchange Act or otherwise, insofar as any such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon:

(i) any untrue statement or alleged untrue statement of any material fact contained in any Registration Statement (or any amendment thereto) or Prospectus (as amended or supplemented if the Issuer shall have furnished any amendments or supplements thereto) or any related preliminary Prospectus; or

(ii) the omission or alleged omission to state, in any Registration Statement (or any amendment thereto) or Prospectus (as amended or supplemented if the Issuer shall have furnished any amendments or supplements thereto) or any related preliminary Prospectus a material fact

required to be stated therein or necessary to make the statements therein (in the case of a Prospectus, in light of circumstances under which they were made) not misleading;

and will reimburse, as incurred, the Participant for any legal or other expenses reasonably incurred by the Participant in connection with investigating or defending against with any such loss, claim, damage, liability or action; provided, however, that the Issuer will not be liable in any such case to the extent that any such loss, claim, damage, or liability arises out of or is based upon any untrue statement or alleged untrue statement or omission or alleged omission made in any Registration Statement (or any amendment thereto) or Prospectus (as amended or supplemented if any of the Issuer shall have furnished any amendments or supplements thereto) or any related preliminary Prospectus (i) made in reliance upon and in conformity with information relating to any Participant furnished to the Issuer by or on behalf of such Participant specifically for use therein or (ii) if such Participant sold to the person asserting the claim the Registrable Securities or Exchange Securities that are the subject of such claim and such untrue statement or omission or alleged untrue statement or omission was contained or made in any preliminary Prospectus and corrected in the Prospectus or any amendment or supplement thereto and the Prospectus does not contain any other untrue statement or omission or alleged untrue statement or omission of a material fact that was the subject matter of the related proceeding and it is established by the Issuer in the related proceeding that such Participant failed to deliver or provide a copy of the Prospectus (as amended or supplemented) to such Person with or prior to the confirmation of the sale of such Registrable Securities or Exchange Notes sold to such Person if required by applicable law, unless such failure to deliver or provide a copy of the Prospectus (as amended or supplemented) was a result of noncompliance by the Issuer with Section 5 of this Agreement. Any indemnification amounts advanced by the Issuer pursuant to this Section 7 shall as a result of such losses, claims damages or liabilities shall be returned to the Issuer if it shall be finally determined by a court of competent jurisdiction that such Participant was not entitled to such indemnification by the Issuer. The indemnity provided for in this Section 7 will be in addition to any liability that the Issuer may otherwise have to the indemnified parties. The Issuer shall not be liable under this Section 7 for any settlement of any claim or action effected without its prior written consent, which shall not be unreasonably withheld.

(b) Each Participant, severally and not jointly, agrees to indemnify and hold harmless the Issuer, its directors, its officers and each Person, if any, who controls the Issuer within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act against any losses, claims, damages or liabilities to which the Issuer or any such director, officer or controlling Person may become subject under the Securities Act, the Exchange Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in any Registration

Statement or Prospectus, any amendment or supplement thereto, or any related preliminary Prospectus, or (ii) the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information concerning such Participant, furnished to the Issuer by or on behalf of the Participant, specifically for use therein; and subject to the limitation set forth immediately preceding this clause, will reimburse, as incurred, any legal or other expenses incurred by the Issuer or any such director, officer or controlling Person in connection with investigating or defending against any such loss, claim, damage, liability or action in respect thereof. The indemnity provided for in this Section 7 will be in addition to any liability that the Participants may otherwise have to the indemnified parties. The Participants shall not be liable under this Section 7 for any settlement of any claim or action effected without their consent, which shall not be unreasonably withheld. The Issuer shall not, without the prior written consent of such Participant, effect any settlement or compromise of any pending or threatened proceeding in respect of which any Participant is or could have been a party, or indemnity could have been sought hereunder by any Participant, unless such settlement (A) includes an unconditional written release of the Participants, in form and substance reasonably satisfactory to the Participants, from all liability on claims that are the subject matter of such proceeding and (B) does not include any statement as to an admission of fault, culpability or failure to act by or on behalf of any Participant.

(c) Promptly after receipt by an indemnified party under this Section 7 of notice of the commencement of any action for which such indemnified party is entitled to indemnification under this Section 7, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section 7, notify the indemnifying party of the commencement thereof in writing; but the omission to so notify the indemnifying party (i) will not relieve it from any liability under paragraph (a) or (b) above unless and to the extent such failure results in the forfeiture by the indemnifying party of substantial rights and defenses and (ii) will not, in any event, relieve the indemnifying party from any obligations to any indemnified party other than the indemnification obligation provided in paragraphs (a) and (b) above. In case any such action is brought against any indemnified party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party; provided, however, that if (i) the use of counsel chosen by the indemnifying party to represent the indemnified party would present such counsel with a conflict of interest, (ii) the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have been advised by counsel that there may be one or more legal defenses available to it and/or other indemnified parties that are different from or additional to those available to the indemnifying party, or (iii) the

indemnifying party shall not have employed counsel reasonably satisfactory to the indemnified party to represent the indemnified party within a reasonable time after receipt by the indemnifying party of notice of the institution of such action, then, in each such case, the indemnifying party shall not have the right to direct the defense of such action on behalf of such indemnified party or parties and such indemnified party or parties shall have the right to select separate counsel to defend such action on behalf of such indemnified party or parties. After notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof and approval by such indemnified party of counsel appointed to defend such action, the indemnifying party will not be liable to such indemnified party under this Section 7 for any legal or other expenses, other than reasonable costs of investigation, subsequently incurred by such indemnified party in connection with the defense thereof, unless (i) the indemnified party shall have employed separate counsel in accordance with the proviso to the immediately preceding sentence (it being understood, however, that in connection with such action the indemnifying party shall not be liable for the expenses of more than one separate counsel (in addition to local counsel) in any one action or separate but substantially similar actions in the same jurisdiction arising out of the same general allegations or circumstances, designated by Participants who sold a majority in interest of the Registrable Securities and Exchange Securities sold by all such Participants in the case of paragraph (a) of this Section 7 or the Issuer in the case of paragraph (b) of this Section 7, representing the indemnified parties under such paragraph (a) or paragraph (b), as the case may be, who are parties to such action or actions) or (ii) the indemnifying party has authorized in writing the employment of counsel for the indemnified party at the expense of the indemnifying party. All fees and expenses reimbursed pursuant to this paragraph (c) shall be reimbursed as they are incurred. After such notice from the indemnifying party to such indemnified party, the indemnifying party will not be liable for the costs and expenses of any settlement of such action effected by such indemnified party without the prior written consent of the indemnifying party (which consent shall not be unreasonably withheld), unless such indemnified party waived in writing its rights under this Section 7, in which case the indemnified party may effect such a settlement without such consent.

(d) In circumstances in which the indemnity agreement provided for in the preceding paragraphs of this Section 7 is unavailable to, or insufficient to hold harmless, an indemnified party in respect of any losses, claims, damages or liabilities (or actions in respect thereof), each indemnifying party, in order to provide for just and equitable contribution, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative fault of the indemnifying party or parties on the one hand and the indemnified party on the other in connection with the statements or omissions or alleged statements or omissions that resulted in such losses, claims, damages or liabilities (or actions in respect thereof). The relative fault of the parties shall be determined by

reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Issuer on the one hand, or the Participants on the other, the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission or alleged statement or omission, and any other equitable considerations appropriate in the circumstances. The parties agree that it would not be equitable if the amount of such contribution were determined by pro rata or per capita allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the first sentence of this paragraph (d). Notwithstanding any other provision of this paragraph (d), no Participant shall be obligated to make contributions hereunder in excess of the amount by which proceeds received by such Participant in connection with the sale of the Securities exceed the amount of any damages that such Participant has otherwise been required to pay by reason of the untrue or alleged untrue statements or the omissions or alleged omissions to state a material fact, and no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. For purposes of this paragraph (d), each Person, if any, who controls a Participant within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act shall have the same rights to contribution as the Participants, and each director of the Issuer, each officer of the Issuer and each person, if any, who controls the Issuer within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, shall have the same rights to contribution as the Issuer.

8. Rules 144 and 144A

The Issuer covenants and agrees that, to the extent required under the Exchange Act, it will timely file the reports required to be filed by it under the Securities Act and the Exchange Act and the rules and regulations adopted by the SEC thereunder in a timely manner in accordance with the requirements of the Securities Act and the Exchange Act and, if at any time the Issuer is not required to file such reports, the Issuer will, upon the request of any Holder of Registrable Securities, make available such information necessary to permit sales pursuant to Rule 144A. The Issuer further covenants and agrees, for so long as any Registrable Securities remain outstanding that it will take such further action as any Holder of Registrable Securities may reasonably request, all to the extent required from time to time to enable such holder to sell Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by Rule 144(k) under the Securities Act and Rule 144A.

9. Underwritten Registrations

If any of the Registrable Securities covered by any Shelf Registration are to be sold in an underwritten offering, the investment banker

or investment bankers and manager or managers that will manage the offering will be selected by the Holders of a majority in aggregate principal amount of such Registrable Securities included in such offering and shall be reasonably acceptable to the Issuer.

No Holder of Registrable Securities may participate in any underwritten registration hereunder unless such Holder (a) agrees to sell such Holder's Registrable Securities on the basis provided in any underwriting arrangements approved by the Persons entitled hereunder to approve such arrangements and (b) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents required under the terms of such underwriting arrangements.

10. Miscellaneous

(a) No Inconsistent Agreements. The Issuer has not, as of the date hereof, and the Issuer shall not, after the date of this Agreement, enter into any agreement with respect to any of its securities that is inconsistent with the rights granted to the Holders of Registrable Securities in this Agreement or otherwise conflicts with the provisions hereof. The rights granted to the Holders hereunder do not in any way conflict with and are not inconsistent with the rights granted to the holders of the Issuer's other issued and outstanding securities under any such agreements. The Issuer will not enter into any agreement with respect to any of its securities which will grant to any Person piggy-back registration rights with respect to any Registration Statement.

(b) Adjustments Affecting Registrable Securities. The Issuer shall not, directly or indirectly, take any action with respect to the Registrable Securities as a class that would adversely affect the ability of the Holders of Registrable Securities to include such Registrable Securities in a registration undertaken pursuant to this Agreement.

(c) Amendments and Waivers. The provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, otherwise than with the prior written consent of (I) the Issuer, and (II)(A) the Holders of not less than a majority in aggregate principal amount of the then outstanding Registrable Securities and (B) in circumstances that would adversely affect the Participating Broker-Dealers, the Participating Broker-Dealers holding not less than a majority in aggregate principal amount of the Exchange Securities held by all Participating Broker-Dealers; provided, however, that Section 7 and this Section 10(c) may not be amended, modified or supplemented without the prior written consent of each Holder and each Participating Broker-Dealer (including any person who was a Holder or Participating Broker-Dealer of Registrable Securities or Exchange Securities, as the case may be, disposed of pursuant to any Registration Statement) affected by any such amendment, modification or supplement. Notwithstanding the foregoing, a waiver or consent to depart from

the provisions hereof with respect to a matter that relates exclusively to the rights of Holders of Registrable Securities whose securities are being sold pursuant to a Registration Statement and that does not directly or indirectly affect, impair, limit or compromise the rights of other Holders of Registrable Securities may be given by Holders of at least a majority in aggregate principal amount of the Registrable Securities being sold pursuant to such Registration Statement.

(d) Notices. All notices and other communications (including, without limitation, any notices or other communications to the Trustee) provided for or permitted hereunder shall be made in writing by hand-delivery, registered first-class mail, next-day air courier or facsimile:

(i) if to a Holder of the Registrable Securities or any Participating Broker-Dealer, at the most current address of such Holder or Participating Broker-Dealer, as the case may be, set forth on the records of the registrar under the Indenture, with a copy in like manner to the Initial Purchasers as follows:

Deutsche Bank AG London
Dresdner Bank AG London Branch
Commerzbank Aktiengesellschaft, London Branch
c/o Deutsche Bank AG London
1 Great Winchester Street
London EC2N 2DB
United Kingdom
Facsimile No.:
Attention: Corporate Finance
with a copy to:

Cahill Gordon & Reindel
80 Pine Street
New York, New York 10005
Facsimile No.: (212) 269-5420
Attention: William B. Gannett, Esq.

(ii) if to the Initial Purchasers, at the address specified in Section 10(d)(i);

(iii) if to the Issuer, at the address as follows:

c/o Kronos International, Inc.
16825 North Chase Drive
Suite 1200
Houston, Texas 77060
Facsimile No.: (281) 423-3333
Attention: Robert D. Hardy

with a copy to:

Locke Liddell & Sapp LLP
2200 Ross Avenue
Suite 2200
Dallas, TX 75201
Facsimile No.: (214) 740-8800
Attention: Don M. Glendenning, Esq.

All such notices and communications shall be deemed to have been duly given: when delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; one Business Day after being timely delivered to a next-day air courier; and when receipt is acknowledged by the addressee, if sent by facsimile.

Copies of all such notices, demands or other communications shall be concurrently delivered by the Person giving the same to the Trustee at the address and in the manner specified in such Indenture.

(e) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties hereto, the Holders and the Participating Broker-Dealers; provided, however, that nothing herein shall be deemed to permit any assignment, transfer or other disposition of Registrable Securities in violation of the terms of the Purchase Agreement or the Indenture.

(f) Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(g) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(h) Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, AS APPLIED TO CONTRACTS MADE AND PERFORMED ENTIRELY WITHIN THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW THAT WOULD REQUIRE THE APPLICATION OF ANY OTHER LAW.

(i) Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their best efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(j) Securities Held by the Issuer or its Affiliates. Whenever the consent or approval of Holders of a specified percentage of Registrable Securities is required hereunder, Registrable Securities held by the Issuer or its affiliates (as such term is defined in Rule 405 under the Securities Act) shall not be counted in determining whether such consent or approval was given by the Holders of such required percentage.

(k) Third-Party Beneficiaries. Holders of Registrable Securities and Participating Broker-Dealers are intended third-party beneficiaries of this Agreement, and this Agreement may be enforced by such Persons.

(l) Entire Agreement. This Agreement, together with the Purchase Agreement and the Indenture, is intended by the parties as a final and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and therein and any and all prior oral or written agreements, representations, or warranties, contracts, understandings, correspondence, conversations and memoranda between the Holders on the one hand and the Issuer on the other, or between or among any agents, representatives, parents, subsidiaries, affiliates, predecessors in interest or successors in interest with respect to the subject matter hereof and thereof are merged herein and replaced hereby.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

KRONOS INTERNATIONAL, INC.

By: /s/ Robert D. Hardy

Name: Robert D. Hardy
Title: Vice President and Chief Financial Officer

The foregoing Agreement is hereby confirmed and accepted as of the date first above written.

DEUTSCHE BANK AG LONDON

By: /s/ Brian Bassett

Name: Brian Bassett
Title: Director

By:

Name:
Title: Managing Director

DRESDNER BANK AG LONDON BRANCH

By: /s/ M. Aitken

Name: M. Aitken
Title: Managing Director

By: /s/ P. Watts

Name: P. Watts
Title: Managing Director

Commerzbank Aktiengesellschaft, London Branch

By: /s/ K A West

Name: K A West
Title:

By: /s/ R. M. Curtis

Name: R. M. Curtis
Title: Syndicate

COLLATERAL AGENCY AGREEMENT

COLLATERAL AGENCY AGREEMENT dated as of June 28, 2002 (this "Agreement") among THE BANK OF NEW YORK, a New York banking corporation, not in its individual capacity but solely as trustee under the Indenture (as defined herein) (the "Trustee"), U.S. Bank, N.A., as collateral agent (the "Collateral Agent"), and, solely for the purposes of Sections 2, 5, 6 and 8 hereof, Kronos International, Inc. (the "Issuer").

RECITALS

The Issuer and the Trustee have entered into an indenture dated as of the date hereof (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Indenture") pursuant to which the Issuer are issuing (euro)285,000,000 in aggregate principal amount at maturity of 8 7/8% Senior Secured Notes due 2009 (the "Notes"); and

To secure the obligations under the Indenture and the Notes, the Issuer has agreed, among other things, to execute and deliver the following documents listed on Exhibit A and any such other agreements as may be entered into from time to time with respect to the collateral located in Denmark, France and the Federal Republic of Germany (the "Collateral"), collectively referred to herein as the ("Collateral Documents"); and

The Issuer has selected and desires the Trustee to jointly appoint the Collateral Agent, and the Collateral Agent desires to act, as collateral agent and/or beneficiary pursuant to the Collateral Documents.

NOW, THEREFORE, in consideration of the premises, the parties hereto agree as follows:

SECTION 1. Definitions. Capitalized terms used herein and not otherwise defined herein shall have the meaning given to such terms in the Indenture.

SECTION 2. APPOINTMENT OF COLLATERAL AGENT: SUCCESSOR COLLATERAL AGENT.

(a) The Issuer and the Trustee hereby appoint the Collateral Agent, and the Collateral Agent hereby accepts such appointment, pursuant to the terms of this Agreement, as collateral agent to act on behalf of the Trustee under the Indenture for the benefit of the Holders, but solely in respect of the Collateral Documents and the Collateral covered thereby. The Collateral Agent shall be authorized to exercise such rights, powers and discretions as are reasonably necessary or incidental to its obligations as Collateral Agent under this Agreement and as collateral agent and/or beneficiary under the Collateral Documents.

(b) The Collateral Agent is an independent contractor and shall have no authority to act for or represent the Trustee except as expressly set forth herein. Notwithstanding any provision to the contrary elsewhere, the Collateral Agent shall not have any duties or responsibilities, except those expressly set forth in the Collateral Documents to which it is a party and those arising out of its acceptance and administration of this Agreement. The Collateral Agent does not owe fiduciary duties to the Trustee or any other person in connection with the performance its duties hereunder. At the expense of the Issuer, the Collateral Agent may retain counsel and other experts, and may rely conclusively on the advice of such counsel and other experts. The Collateral Agent is entitled to refrain from taking any action hereunder, including, but not limited to, beginning any legal action or proceeding or taking any steps to enforce or realize upon any security interest created by the Collateral Documents, unless the Collateral Agent has received such security or indemnification as it may require (whether by way of payment in advance or otherwise) against all costs, claims, expenses (including legal fees) and liabilities it will or may expend or incur in taking such action.

(c) The Collateral Agent may resign at any time by giving written notice thereof to the Issuer and the Trustee and may be removed any time with or without cause by written notice by the Issuer. Prior to the effectiveness of any such resignation or removal, the Trustee shall have the right to appoint a successor Collateral Agent which shall be a bank or trust company or the foreign equivalent thereof incorporated under the laws of any member state of the European Union or the United States or any political subdivision thereof having combined capital and surplus of at least US$50,000,000 or the equivalent thereof. If in respect of the resignation of the Collateral Agent no successor Collateral Agent shall have been so appointed by the Trustee and shall have accepted such appointment within 30 days after the retiring Collateral Agent's giving of notice of resignation, then the retiring Collateral Agent shall, prior to the effectiveness of its resignation, on behalf of the Trustee, appoint a successor Collateral Agent, which shall be a bank or trust company or the foreign equivalent thereof incorporated under the laws of any member state of the European Union or the United States or any political subdivision thereof having a combined capital and surplus of at least US$50,000,000 or the equivalent thereof. Upon the acceptance of any appointment as Collateral Agent hereunder by a successor Collateral Agent, such successor Collateral Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Collateral Agent, and the retiring Collateral Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Collateral Agent's resignation or removal hereunder as Collateral Agent, the provisions of this Agreement shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Collateral Agent under this Agreement and the Collateral Documents. Any corporation into which the

Collateral Agent may be merged, or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Collateral Agent shall be a party, shall be Collateral Agent under this Agreement without the execution or filing of any paper or any further act on the part of the parties hereto.

(d) Beyond the exercise of reasonable care in the custody thereof, the Collateral Agent shall have no duty as to any Collateral in its possession or control or in the possession or control of any agent or bailee or any income thereon or as to preservation of rights against prior parties or any other rights pertaining thereto and the Collateral Agent shall not be responsible for filing any financing or continuation statements or recording any documents or instruments in any public office at any time or times or otherwise perfecting or maintaining the perfection of any security interest in the Collateral. The Collateral Agent shall be deemed to have exercised reasonable care in the custody of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which it accords its own property and shall not be liable or responsible for any loss or diminution in the value of

any of the Collateral, by reason of the act or omission of any carrier, forwarding agency or other agent or bailee selected by the Collateral Agent in good faith.

SECTION 3. RESPONSIBILITIES OF COLLATERAL AGENT. The obligations of the Collateral Agent under this Agreement shall be to:

(a) duly execute and deliver and act as beneficiary under the Collateral Documents on behalf of the Trustee under the Indenture;

(b) upon the occurrence of an Event of Default, take such action as requested by written instructions of the Trustee under the Indenture, provided that such action does not contradict applicable law. In this regard, the Collateral Agent shall be entitled to rely and act upon, and shall be fully protected in relying and acting upon, any note, writing, resolution, notice consent, certificate, request, demand, direction, instruction, waiver, receipt, agreement, affidavit, letter, statement, order or written document or written communication reasonably believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel and other experts retained or employed by the Collateral Agent in its reasonable discretion;

(c) be deemed to have actual, constructive, direct or indirect knowledge or notice of the occurrence of any Event of Default only upon receipt by the Collateral Agent of a written notice or a certificate from the Trustee, stating that an Event of Default has occurred. The Collateral Agent shall have no obligation whatsoever either prior to or after receiving such written notice or certificate to inquire whether an Event of Default has in fact occurred and shall be entitled to rely conclusively, and shall be fully protected in so relying, on any notice or certificate so furnished to it;

(d) remit according to the written instructions of the Trustee any proceeds recovered from enforcement of the Collateral Documents, provided that all necessary approvals are obtained from appropriate authorities in the jurisdiction where the Collateral is located; and

(e) take such other actions requested by the Trustee in accordance with this Agreement.

SECTION 4. COLLATERAL AGENT'S INDIVIDUAL CAPACITY.

The Collateral Agent may accept deposits from, lend money to, and generally engage in any kind of banking, trust or other business with the Issuer or any of their affiliates or subsidiaries as if it were not performing the duties specified herein, and may accept fees and other consideration from the Issuer for services in connection with the Agreement and otherwise without having to account for the same to the Trustee or to the holders of Notes from time to time.

SECTION 5. TERM FEES, ETC.

The term of this Agreement shall commence on the Issue Date and, unless earlier terminated pursuant to Section 2(c), shall terminate upon the release of the Collateral pursuant to the Collateral Documents. For services rendered as Collateral Agent under this Agreement, the Issuer shall pay the Collateral Agent

$13,000 on the Issue Date and, during the term of this agreement, $10,000 on each anniversary of the Issue Date, or such other compensation as may be agreed to from time to time in writing between the Collateral Agent and the Issuer. The Issuer agrees to pay the fees, expenses and other amounts payable of the Collateral Agent under this Agreement, in addition to any other fees, expenses and other amounts payable that may arise under the Collateral Documents (as such term is defined in the Indenture).

SECTION 6. INDEMNIFICATION: DISCLAIMERS, ETC.

(a) The Issuer shall be liable for and shall reimburse and indemnify the Collateral Agent and hold the Collateral Agent harmless from and against any and all claims, losses, liabilities, costs, damages or expenses (including reasonable attorney's fees and expenses) (collectively, "Losses") arising from or in connection with or related to this Agreement or being Collateral Agent hereunder (including but not limited to Losses incurred by the Collateral Agent in connection with its successful defense, in whole or in part, of any claim of gross negligence or willful misconduct on its part), provided, however, that nothing contained herein shall require the Collateral Agent to be indemnified for Losses caused by its own gross negligence or willful misconduct.

(b) No provision of this Agreement and the Collateral Documents shall require the Collateral Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or under the Collateral Documents or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(c) THE COLLATERAL AGENT SHALL HAVE NO LIABILITY (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) FOR LOSSES IN CONNECTION WITH, ARISING OUT OF, OR IN ANY WAY RELATED TO, PERFORMANCE BY THE COLLATERAL AGENT UNDER ANY OF THE COLLATERAL DOCUMENTS AND/OR THE RELATIONSHIP ESTABLISHED BY THIS AGREEMENT, OR ANY ACT, OMISSION OR EVENT OCCURRING IN CONNECTION THEREWITH, UNLESS IT IS DETERMINED BY A FINAL AND NONAPPEALABLE JUDGMENT OF A COURT OF THE COMPETENT JURISDICTION THAT IS BINDING ON THE COLLATERAL AGENT THAT SUCH LOSSES WERE THE RESULT OF ACTS OR OMISSIONS ON THE PART OF THE COLLATERAL AGENT OR ITS OFFICERS, DIRECTORS, AGENTS, EMPLOYEES AND REPRESENTATIVES CONSTITUTING GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

(d) WITHOUT PREJUDICE TO ANY OTHER PROVISION OF THIS SECTION 6, THE COLLATERAL AGENT AND THE ISSUER AGREE THAT THE TRUSTEE SHALL HAVE NO LIABILITY TO THE COLLATERAL AGENT OR THE ISSUER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) HEREUNDER, EXCEPT IN ITS CAPACITY AS TRUSTEE UNDER, AND AS PROVIDED FOR IN, THE INDENTURE.

SECTION 7. ILLEGALITY; NO INCONSISTENCY.

Nothing in this Agreement or the Collateral Documents shall require the Collateral Agent to take any action which may be inconsistent with, or in violation of: (i) any laws, rules or regulations in force in the jurisdiction where the Collateral Agent is located, or (ii) any other agreement that the Collateral Agent has entered into pursuant to this Agreement.

SECTION 8. MISCELLANEOUS PROVISIONS.

(a) Notices. All notices, approvals, comments or other communications required or desired to be given hereunder shall be in writing and delivered in person or mailed by certified mail or courier, postage prepaid, addressed as follows, or by facsimile transmission, and shall be deemed given when received:

If to the Trustee:

The Bank of New York
101 Barclay Street
New York, New York 10286
Attention: Global Finance Unit
Fax: (212) 235-2530

If to the Collateral Agent:

U.S. Bank
555 S.W. Oak Street
Portland, Oregon 97204
Attention: Cheryl Nelson
Fax: (503) 275-5738

If to the Issuer:

Kronos International, Inc.
16825 Northchase Drive
Suite 1200
Houston, Texas 77060
Attention: Robert D. Hardy
Fax: (281) 423-3333

(b) Severability. The provisions of this Agreement are severable, and if any clause or provision shall be held invalid, illegal or unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect in that jurisdiction only such clause or provision, or part thereof, and shall not in any manner affect such clause or provision in any other jurisdiction or any other clause or provision of this Agreement in any jurisdiction.

(c) Headings. The headings in this Agreement have been inserted for convenience of reference only, are not to be considered a part hereof and shall in no way modify or restrict any of the terms or provisions hereof.

(d) Counterpart Originals. This Agreement may be signed in two or more counterparts, each of which shall be deemed an original, but all of which shall together constitute one and the same agreement.

(e) Amendments. This Agreement may be changed, waived, discharged or terminated only by an instrument in writing signed by all of the parties hereto.

(f) Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND INTERPRETED UNDER THE LAWS OF THE STATE OF NEW YORK AND ANY DISPUTE ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THE TRUSTEE AND THE COLLATERAL AGENT IN CONNECTION WITH THIS AGREEMENT, AND WHETHER ARISING IN CONTRACT, TORT, EQUITY OR OTHERWISE, SHALL BE RESOLVED IN ACCORDANCE WITH THE INTERNAL LAWS (AS OPPOSED TO THE CONFLICTS OF LAWS PROVISIONS) AND DECISIONS OF THE STATE OF NEW YORK.

(g) Submission to Jurisdiction. Any suit, action or proceeding against the Trustee, the Issuer or the Collateral Agent or their respective properties, assets or revenues with respect to this Agreement (a "Related Proceeding") may be brought in any federal or state court in the Borough of Manhattan, City of New York, State of New York, and any appellate court thereof. Each of the Issuer, the Trustee and the Collateral Agent hereby irrevocably consents to the jurisdiction of each such court for the purposes of any Related Proceeding, and irrevocably waives, to the fullest extent it may effectively and lawfully do so, any objection to the laying of venue of any Related Proceeding in any such court and the defense of an inconvenient forum to the maintenance of any Related Proceeding in any such court. Each of the Issuer, the Trustee and the Collateral Agent further submits to the jurisdiction of the courts of its own corporate domicile in any Related Proceeding.

(h) Incorporation by Reference. All of the rights, protections and privileges granted to the Trustee under the Indenture are incorporated by reference herein and shall inure to the benefit of the Collateral Agent herein; provided, however, that in the event there is an inconsistency or conflict between this Agreement and the Indenture, this Agreement shall govern (it being understood that this proviso is intended solely to resolve conflicts between this Agreement and the Indenture with respect to the rights of the Collateral Agent under this Agreement, and shall not in any way modify, diminish or otherwise affect the rights, protections and privileges granted to the Trustee under the Indenture).

[Signature Pages to Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the day and year first above written.

THE BANK OF NEW YORK,
Not in its individual capacity but solely
as Trustee under the Indenture

By: /s/ Luis Perez

Name: Luis Perez
Title: Assistant Vice President

U.S. Bank, N.A.
as Collateral Agent

By: /s/ David A. Pringle

Name: David A. Pringle
Title: Vice President

Solely for the purposes of Sections 2, 5, 6 and 8 hereof:

KRONOS INTERNATIONAL, INC.,
as Issuer

By: /s/ Robert D. Hardy

Name: Robert D. Hardy
Title: Vice President and Chief Financial Officer

SECURITY OVER SHARES AGREEMENT

THIS AGREEMENT is made on 28 June 2002

BETWEEN

(1) THE BANK OF NEW YORK of 15 Broad Street, 26th Floor, New York, New York, 10005 U.S.A. and fax number +1 212 235 2541, as trustee for the Holders on the terms and conditions set out in the Indenture and the Notes (the "Trustee", which expression shall include any person for the time being appointed as trustee, or as an additional trustee, for the purposes of the Indenture and the Notes); and

(2) KRONOS INTERNATIONAL, INC. (the "Chargor") having its registered office at 2711 Centreville Road, Suite 400, Wilmington, Delaware 19808, U.S.A.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 In this Agreement:

"Additional Notes" has the meaning given to it in the Indenture.

"Articles" means the articles of association of the Company delivered to the Trustee or to solicitors acting for the Trustee on or about the date of execution of this Agreement.

"Business Day" means a day (other than a Saturday or a Sunday) on which banks are open for general business in London and New York.

"Charged Portfolio" means the Shares and the Related Assets.

"Collateral Agent Agreement" has the meaning given to it in the Indenture.

"Collateral Rights" means all rights, powers and remedies of the Trustee provided by this Agreement or, in connection with this Agreement, by law.

"Company" means Kronos Limited, a company incorporated in England and Wales (registered no. 02442679) whose registered office is at Barons Court, Manchester Road, Wilmslow, Cheshire SK9 1BQ.

"Current Shares" means the shares in the share capital of the Company held by the Chargor as identified in Schedule 1 to this Agreement.

"Event of Default" has the meaning given to it in the Indenture.

"High Yield Documents" means the Purchase Agreement, the Indenture and the Notes, together with all other documents issued or entered into in connection therewith including, without limitation, the Security Documents, the Collateral Agent Agreement and the Registration Rights Agreement.

"Holders" has the meaning given to it in the Indenture.

"Indenture" means an indenture dated 28 June 2002 between the Trustee and the Chargor.

"Initial Purchasers" means Deutsche Bank AG London, Dresdner Bank AG, London Branch and Commerzbank Aktiengesellschaft, London Branch as initial purchasers of the Notes under the terms of the Purchase Agreement.

"New Shares" means any shares in the share capital of the Company which are held by, or held to the order or on behalf of the Chargor excluding any Current Shares and any shares which are Related Assets.

"Notes" means the 87/8% Senior Secured Notes due 2009 issued by the Chargor under the Indenture, any global or other notes issued in exchange for the Notes under the terms of the Registration Rights Agreement and the Additional Notes (if any).

"Purchase Agreement" means an agreement dated 19 June 2002 between the Chargor and the Initial Purchasers.

"Registration Rights Agreement" has the meaning given to it in the Indenture.

"Related Assets" means all dividends, interest and other monies payable in respect of the Shares and all other rights, benefits and proceeds in respect of or derived from the Shares (whether by way of redemption, bonus, preference, option, substitution, conversion or otherwise).

"Secured Obligations" means all obligations owing by the Chargor under the High Yield Documents to the Holders or to the Trustee (whether for its own account or as trustee for the Holders), whether principal, premium, interest or otherwise, present or future (and including any obligation in respect of any further advances made thereunder), actual or contingent (and whether incurred by the Chargor alone or jointly, and whether as principal or surety or in some other capacity).

"Security Documents" has the meaning given to it in the Indenture.

"Shares" means the Current Shares and any New Shares in respect of which

the Chargor has delivered the share certificates relating thereto and blank stock transfer forms pursuant to Clause 3.3.

1.2 In this Agreement:

(a) Unless a contrary indication appears, a term defined in the Indenture has the same meaning when used in this Agreement.

(b) The rules of construction contained in the Indenture apply to the construction of this Agreement.

(c) Unless otherwise stated, a "Clause" is a reference to a Clause of this Agreement.

(d) A reference to any agreement or instrument is a reference to that agreement or instrument as amended, supplemented or varied.

(e) Any reference to a "person" includes any person, firm, company, corporation, government, state or agency of a state or any association, trust or partnership (whether or not having separate legal personality) or two or more of the foregoing.

(f) Any reference to a provision of law is a reference to that provision as amended or re-enacted.

1.3 A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement.

2. COVENANT AND CHARGE

2.1 Pursuant to the terms of the Indenture, the Chargor shall on demand of the Trustee discharge and pay to the Trustee (when due and payable) each of the Secured Obligations.

2.2 The Chargor charges the Charged Portfolio, with full title guarantee and by way of first fixed charge, in favour of the Trustee for the payment and discharge of all of the Secured Obligations.

3. DEPOSIT OF CERTIFICATES and notices

3.1 The Chargor shall on the date of this Agreement deposit (or procure there to be deposited) with the Trustee or solicitors acting for the Trustee all certificates and other documents of title to the Current Shares, and stock transfer forms (executed in blank by or on behalf of the Chargor) in respect of the Current Shares.

3.2 The Chargor shall, promptly upon the accrual, offer or issue of any Related Assets (in the form of stocks, shares, warrants or other securities) in which the Chargor has a beneficial interest, procure the delivery to the Trustee or solicitors acting for the Trustee of (a) all certificates and other documents of title representing those Related Assets and (b) such stock transfer forms or other instruments of transfer (executed in blank by or on behalf of the Chargor) in respect of those Related Assets as the Trustee may request.

3.3 To the extent necessary to comply with its obligations under Clause 5.3, the Chargor shall procure that all certificates and other documents of title relating to any New Shares and such stock transfer forms or other instruments of transfer (executed in blank by or on behalf of the Chargor) as the Trustee may request in respect of such New Shares are delivered to the Trustee or solicitors acting for the Trustee.

3.4 The Chargor shall procure that:

(a) (save with the Trustee's prior written consent) any increase in the issued share capital of the Company after the date of this Agreement is issued to the Chargor; and

(b) promptly upon any such issue, to the extent necessary to comply with its obligations under Clause 5.3, such Related Assets or New Shares (as the case may be) are charged in favour of the Trustee in accordance with Clause 3.2 or Clause 3.3, respectively.

3.5 The Chargor shall procure that:

(a) a notice substantially in the form set out in Schedule 2 is delivered to the Company (a) on the date of execution of this Agreement in respect of the Current Shares and (b) on the date of every occasion when New Shares are charged in favour of the Trustee pursuant to Clause 3.3 in respect of such New Shares; and

(b) the Company delivers acknowledgement of receipt of such notice to the Trustee on the date hereof (in the case of the notice relating to the Current Shares) and within 5 Business Days of receiving such notice in relation to any New Shares.

4. VOTING RIGHTS AND DIVIDENDS

4.1 At any time whilst there is no Event of Default outstanding unremedied or unwaived, the Chargor shall be entitled to:

(a) receive all dividends, interest and other monies arising from the Charged Portfolio; and

(b) exercise all voting rights in relation to the Charged Portfolio provided that the Chargor shall not exercise such voting rights in any manner, or otherwise permit or agree to any (i) variation of the rights attaching to or conferred by all or any part of the Charged Portfolio, or (ii) increase in the issued share capital of the Company, which in the opinion of the Trustee (acting reasonably) would prejudice the value of, or the ability of the Trustee to realise, the security created by this Agreement.

4.2 At any time whilst there is an Event of Default outstanding unremedied or unwaived, the Trustee may, at its discretion, (in the name of the Chargor or otherwise and without any further consent or authority from the Chargor):

(a) exercise (or refrain from exercising) any voting rights in respect of the Charged Portfolio;

(b) apply all dividends, interest and other monies arising from the Charged Portfolio as though they were the proceeds of sale under this Agreement;

(c) transfer the Charged Portfolio into the name of such nominee(s) of the Trustee as it shall require; and

(d) exercise (or refrain from exercising) the powers and rights conferred on or exercisable by the legal or beneficial owner of the Charged Portfolio, including the right, in relation to the Company, to concur or participate in:

(i) the reconstruction, amalgamation, sale or other disposal of the Company or any of its assets or undertaking (including the exchange, conversion or reissue of any shares or securities as a consequence thereof);

(ii) the release, modification or variation of any rights or liabilities attaching to such shares or securities; and

(iii) the exercise, renunciation or assignment of any right to subscribe for any shares or securities,

in each case in the manner and on the terms the Trustee thinks fit, and the proceeds of any such action shall form part of the Charged Portfolio.

5. CHARGOR'S REPRESENTATIONS AND UNDERTAKINGS

5.1 Except with the Trustee's prior written consent, the Chargor shall not (save as permitted under the High Yield Documents):

(a) assign or dispose of all or any part of the Charged Portfolio;

(b) create, grant or permit to exist (a) any security interest over or (b) any restriction on the ability to transfer or realise, all or any part of the Charged Portfolio, save for: (i) the Company's lien on unpaid shares conferred by Regulation 8 of Table A of the Companies (Tables A to F) Regulations 1985 (as in force at the date of this Agreement); and (ii) the ability of the directors of the Company to decline to register a transfer of shares as set out in article 7.1 of the Articles, provided that article 7.2 of the Articles continues to apply; or

(c) do or (to the extent within its control) permit to be done any other act which, in the opinion of the Trustee, would adversely affect the Collateral Rights.

5.2 The Chargor represents and warrants to the Trustee and undertakes for the duration of this Agreement that (save as specified or permitted under the High Yield Documents):

(a) it is, and will be, the sole legal and beneficial owner of the Charged Portfolio free from any security interest except as created by this Agreement;

(b) it has not sold or disposed of, and will not sell or dispose of, the benefit of all or any of its rights, title and interest in the Charged Portfolio;

(c) it has and will have the necessary power to enable it to enter into and perform its obligations under this Agreement;

(d) this Agreement constitutes its legal, valid and binding obligation;

(e) all necessary authorisations to enable it to enter into this Agreement have been obtained and are, and will remain, in full force and effect; and

(f) the authorised share capital of the Company as at the date hereof is (pound)51,000 and the issued share capital of the Company as at the date hereof consists of 50,032 ordinary shares of (pound)1.00 each and all such shares are fully paid.

5.3 The Chargor represents and warrants to the Trustee and undertakes for the duration of this Agreement to ensure that, at all times during the duration of the Agreement, the Charged Portfolio represents 65% (to the nearest share) but at no time more than 65% of the issued and voting share capital of the Company.

5.4 The Chargor represents to the Trustee that the Shares are fully paid and undertakes to pay all calls or other payments due in respect of any part of the Charged Portfolio. If the Chargor fails to make any such payment the Trustee may make that payment on behalf of the Chargor and any sums so paid by the Trustee shall be reimbursed by the Chargor on demand, together with interest on those sums. Such interest shall be calculated from the due date up to the actual date of payment (after, as well as before, judgement) at a rate equal to 1% per annum in excess of the interest rate applicable to the Notes at such time (or if no interest rate is applicable at such time, the most recent interest rate applicable to the Notes).

6. FURTHER ASSURANCE

6.1 The Chargor shall promptly execute all documents (including transfers) and do all things (including the delivery, transfer, assignment or payment of all or part of the Charged Portfolio to the Trustee or its nominee(s)) that the Trustee may reasonably specify for the purpose of (a) exercising the Collateral Rights or (b) securing and perfecting its security over or title to all or any part of the Charged Portfolio.

6.2 At any time after the occurrence of an Event of Default, which is continuing unremedied or unwaived, the Chargor shall upon demand from the Trustee (a) procure the transfer of the Charged Portfolio into the name of the Trustee or its nominee(s), agents or such purchasers as it shall direct and (b) execute all documents and do all other things that the Trustee may require to facilitate the realisation of the Charged Portfolio.

6.3 The Trustee shall only be entitled to transfer or request the transfer of the Charged Portfolio whilst an Event of Default is continuing unremedied or unwaived.

7. POWER OF ATTORNEY

7.1 The Chargor, by way of security, irrevocably appoints the Trustee to be its attorney and in its name, on its behalf and as its act and deed to execute, deliver and perfect all documents (including any stock transfer

forms and other instruments of transfer) and do all things that the Trustee may consider to be necessary for (a) carrying out any obligation imposed on the Chargor under this Agreement; (b) exercising any of the rights conferred on the Trustee by this Agreement or by law, (including, after the security constituted by this Agreement has become enforceable, the exercise of any right of a legal or a beneficial owner of the Charged Portfolio); or (c) preserving the rights conferred on the Trustee by this Agreement or by law. The Chargor shall ratify and confirm all things done and all documents executed by the Trustee in the exercise of that power of attorney.

8. POWER OF SALE

8.1 After the occurrence of an Event of Default and whilst the same is continuing unremedied or unwaived, the Trustee shall be entitled, without prior notice to the Chargor or prior authorisation from any court, to sell or otherwise dispose of all or any part of the Charged Portfolio (at the times, in the manner and on the terms it thinks fit). Subject to Clause 11, the Trustee shall apply the proceeds of that sale or other disposal in paying the costs of that sale or disposal and in or towards the discharge of the Secured Obligations in accordance with the terms of the Indenture.

8.2 The power of sale or other disposal in Clause 8.1 shall operate as a variation and extension of the statutory power of sale under Section 101 of the Law of Property Act 1925. The restrictions contained in Sections 93 and 103 of the Law of Property Act 1925 shall not apply to this Agreement or to any exercise by the Trustee of its right to consolidate mortgages or its power of sale.

8.3 A certificate in writing by an officer or agent of the Trustee that any power of sale or other disposal has arisen and is exercisable shall be conclusive evidence of that fact, in favour of a purchaser of all or any part of the Charged Portfolio.

9. RECEIVER

9.1 The Trustee may by writing (acting through an authorised officer of the Trustee) without notice to the Chargor appoint one or more persons to be receiver of the whole or any part of the Charged Portfolio (each such person being (a) entitled to act individually as well as jointly and (b) for all purposes deemed to be the agent of the Chargor) if:

(a) an Event of Default is continuing unremedied or unwaived;

(b) a petition or application is presented for the making of an administration order in relation to the Chargor;

(c) the Chargor gives written notice of its intention to appoint an administrator to the Chargor; or any person (other than the Chargor) gives written notice of its intention to appoint an administrator to the Chargor and, in the reasonable opinion of the Trustee, such other person is not acting frivolously or vexatiously in so doing; or

(d) the Chargor requests the appointment of a receiver.

9.2 In addition to the powers of the Trustee conferred by Clause 8 (Power of Sale), each person appointed pursuant to Clause 9.1 shall have, in relation to the part of the Charged Portfolio in respect of which he was appointed, all the powers (a) conferred by the Law of Property Act 1925 on a receiver appointed under that Act, (b) of an administrative receiver set out in Schedule 1 to the Insolvency Act 1986 (whether or not such person is an administrative receiver) and (c) (if such person is an administrative receiver) all the other powers exercisable by an administrative receiver in relation to the Chargor by virtue of the Insolvency Act 1986.

10. EFFECTIVENESS OF COLLATERAL

10.1 The collateral constituted by this Agreement and the Collateral Rights shall be cumulative, in addition to and independent of every other security which the Trustee may at any time hold for the Secured Obligations or any rights, powers and remedies provided by law. No prior security held by the Trustee over the whole or any part of the Charged Portfolio shall merge into the collateral constituted by this Agreement.

10.2 This Agreement shall remain in full force and effect as a continuing arrangement unless and until the Trustee discharges it.

10.3 No failure to exercise, nor any delay in exercising, on the part of the Trustee, any Collateral Right shall operate as a waiver, nor shall any single or partial exercise of a Collateral Right prevent any further or other exercise of that or any other Collateral Right.

10.4 If, at any time, any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of this Agreement nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

10.5 The Trustee shall, at the request and cost of the Chargor, cancel the security granted by this Agreement, and execute a release, in each case in respect of:

(a) any portion of the Charged Portfolio upon the disposal of such portion of the Charged Portfolio, provided that such disposal is permitted under the terms of the Indenture;

(b) the whole of the Charged Portfolio upon the Secured Obligations being discharged in full; and

(c) the whole of the Charged Portfolio in the event of the Secured Obligations being defeased in full in accordance with section 8 of the Indenture,

any such release to be without recourse to, and without any representations or warranties by, the Trustee.

10.6 None of the Trustee, its nominee(s) or any receiver appointed pursuant to this Agreement shall be liable by reason of (a) taking any action permitted by this Agreement or (b) any neglect or default in connection with the Charged Portfolio or (c) the taking possession or realisation of all or any part of the Charged Portfolio, except in the case of gross negligence or wilful default upon its part.

11. SUBSEQUENT INTERESTS AND ACCOUNTS

11.1 If the Trustee at any time receives notice of any subsequent mortgage, assignment, charge or other interest affecting all or any part of the Charged Portfolio, all payments made by the Chargor to the Trustee or any of the Holders after that time shall be treated as having been credited to a new account of the Chargor and not as having been applied in reduction of the Secured Obligations as at the time when the Trustee received notice.

11.2 All monies received, recovered or realised by the Trustee under this Agreement (including the proceeds of any conversion of currency) may in its discretion be credited to and held in any suspense or impersonal account (bearing a commercially reasonable rate of interest) pending their application from time to time in or towards the discharge of any of the Secured Obligations in accordance with the terms of the Indenture.

12. COSTS AND EXPENSES

The Chargor shall, within 3 Business Days of demand by the Trustee, reimburse the Trustee on a full indemnity basis for all losses and reasonable costs and expenses (including legal fees, stamp duties and any value added tax) incurred in connection with (a) the execution of this Agreement or otherwise in relation to it, (b) the perfection or enforcement of the collateral constituted by this Agreement or (c) the exercise of any Collateral Right, together with interest from the date the Trustee notified the Chargor of the costs and expenses to the date of payment at a rate equal to 1% per annum in excess of the interest rate applicable to the Notes at such time (or if no interest rate is applicable at such time, the most recent interest rate applicable to the Notes).

13. CURRENCY CONVERSION

For the purpose of or pending the discharge of any of the Secured Obligations the Trustee may convert any money received, recovered or realised or subject to application by it under this Agreement to the currency in which the Secured Obligations are due to be discharged: and any such conversion shall be effected at the Trustee's spot rate of exchange for the time being for obtaining such other currency with the first currency.

14. NOTICES

Any communication to be made by one person to another under or in connection with this Agreement shall be made in writing in accordance with those terms of the Notices provision in section 13.2 of the Indenture applicable to notices and communications to persons other than Holders and

shall be deemed to have been duly given in accordance with the provisions of such section 13.2 within the times prescribed in such section 13.2.

15. SUCCESSORS

This Agreement shall remain in effect despite any amalgamation or merger (however effected) relating to the Trustee; and references to the Trustee shall include any assignee or successor in title of the Trustee and any person who, under the laws of its jurisdiction of incorporation or domicile, has assumed the rights and obligations of the Trustee under this Agreement or to which, under such laws, those rights and obligations have been transferred.

16. GOVERNING LAW AND JURISDICTION

16.1 Governing Law
This Agreement is governed by English law.

16.2 Jurisdiction

(a) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement).

(b) This Clause 16.2 is for the benefit of the Trustee only.

IN WITNESS WHEREOF this Agreement has been signed on behalf of the Trustee and executed as a deed by the Chargor and is intended to be and is hereby delivered by it as a deed on the date specified above.

The Trustee

THE BANK OF NEW YORK

By: /s/ Luis Perez

Name: Luis Perez

Title: Assistant Vice President

The Chargor

EXECUTED as a DEED

by KRONOS INTERNATIONAL, INC.

By: /s/ Robert D. Hardy

Name: Robert D. Hardy

Title: Vice President and Chief Financial Officer

PLEDGE OF SHARES

over the shares in Kronos Denmark ApS

by

Kronos International, Inc.
as pledgor

in favour of

U.S. Bank, N.A,
as secured party

Dated 28 June 2002

CONTENTS

PLEDGE OF SHARES

This pledge agreement (the "Pledge Agreement") is made on 28 June 2002 by:

(1) Kronos International, Inc. (the "Pledgor") a company incorporated in Delaware, United States and registered address at Peschstrasse 5, D-51373 Leverkusen, Germany,

in favour of

(2) U.S. Bank, N.A., with address at 555 Southwest Oak Street, Plaza Level 6, Portland, Oregon, USA and its successors and assigns, as the secured party (the "Secured Party").

1. Background

1.1 The Indenture. By an Indenture (the "Indenture ") to be dated on or about 28 June 2002 and made between the Pledgor as issuer (in such capacity, the "Issuer") and The Bank of New York as trustee (the "Trustee"), the parties thereto have made certain agreements relating to the Issuer's Notes (as defined in the Indenture) and the Issuer has undertaken to the Secured Party being a creditor in its own right to pay to the Secured Party an aggregate principal amount of up to EUR 285,000,000 on the terms and conditions set forth in the Indenture.

1.2 Pledge Agreement. According to the terms of the Indenture, the Pledgor shall execute, deliver and perfect this Pledge Agreement.

2. Definitions

2.1 Defined terms. In this Pledge Agreement, unless the context otherwise requires:

"Collateral Agency Agreement" means the collateral agency agreement dated 28 June 2002 between the Trustee and the Secured Party, as collateral agent, and acknowledged by the Company.

"Company" means Kronos Denmark ApS, a Danish company with CVR no. 24 24 27 81 and registered address at Hanne Nielsens Vej 10, DK-2840 Holte, Denmark with a nominal share capital of DKK 1,000,000;

"Secured Obligations" means the actual, contingent, present and/or future obligations and liabilities of the Pledgor from time to time to the Secured Party under or pursuant to the Indenture;

"Share Benefits" means any and all income, benefits, dividends, distributions, liquidation proceeds, bonus shares, warrants, options, subscription rights, convertibles and other rights, privileges and benefits arising out of or in connection with the Shares (whether by way of redemption, bonus, preference, option rights, substitution, exchange or otherwise); and

"Shares" means the share nos. 1-6,500 equal to 65% of the shares of capital in the Company with an aggregate nominal value of DKK 650,000 held by the Pledgor.

2.2 Headings. In this Pledge Agreement clause headings are for ease of reference only.

3. Pledge

3.1 Pledge. As security for the Secured Obligations, the Pledgor hereby pledges, assigns and transfers as security with senior priority to the Secured Party all its right, title and interest in and to the Shares and the Share Benefits.

3.2 Voting rights. The pledge as set forth in Clause 3.1 shall include all voting rights associated with the Shares, provided however that until the Pledgor has received written notice from the Secured Party that it

will exercise said rights, the Pledgor has the right to exercise the voting rights on the Shares. The Secured Party shall only be entitled to give such notice, provided that an event of default has occurred and is continuing under the Indenture.

3.3 Share Benefits. Any and all Share Benefits shall upon the Secured Party's request be paid to an account in the name of the Secured Party and if a Share Benefit does not arise as monies, such Share Benefit shall be transferred or delivered to Secured Party. As long as no event of default has occurred and is continuing under the Indenture, the Pledgor shall be entitled to receive payments of dividend from the Company.

3.4 Future Secured Party. If the Secured Party is replaced as a creditor under the Indenture and as collateral agent under the Collateral Agency Agreement by a new collateral agent assuming the rights and obligations of the Secured Party under the Indenture and the Collateral Agency Agreement, such new collateral agent shall become a new Secured Party under this Pledge Agreement.

4. Perfection

4.1 Perfection of pledge of Shares. The Pledgor shall ensure that as soon as possible after the execution of this Pledge Agreement:

(a) the Company is notified of the Pledge Agreement and signs the acknowledgement attached as Schedule 1 to this Pledge Agreement; and

(b) the Secured Party receives a certified copy of the shareholders register of the Company in which the name of the Secured Party has been duly recorded.

5. Continuing Security

5.1 Effective date. This Pledge Agreement shall be effective as of the date hereof and shall continue in effect until earlier of (i) all Secured Obligations have been fully discharged, or (ii) this Pledge Agreement is permitted to be released pursuant to the terms of the Indenture.

5.2 No discharge. This Pledge Agreement will not be discharged or affected by: (a) any invalidity, unenforceability, release, amendment, supplement, neglect to perfect or enforce, assignment or novation of the Indenture or any other document, (b) any time, waiver or consent granted to the Pledgor or any other person, (c) any incapacity, change or insolvency proceedings in respect of the Pledgor, the Secured Party, the Trustee or any other person, (d) any other act or omission of any kind by any of the Pledgor, the Company, the Secured Party, the Trustee or any other person or any other circumstances whatsoever which might constitute a legal or equitable discharge of the Pledgor, it being the intention of the Pledgor that the pledge set out herein shall be absolute and unconditional in any and all circumstances.

5.3 Further Assurances. The Pledgor agrees that at any time and from time to time upon the written request of the Secured Party, the Pledgor will execute and deliver such further documents and do such further acts and things as the Secured Party may reasonably request consistent with the provisions hereof in order to effect the purposes of this Pledge Agreement.

5.4 Confirmation of release of security. The Secured Party undertakes at the time this Pledge Agreement is no longer effective pursuant to Clause 5.1 to confirm to the Company that the security interest under this Pledge Agreement has been released.

6. Enforcement

6.1 Remedies. If an event of default under the Indenture has occurred and is continuing, the Secured Party will have the right to (subject to and in accordance with applicable mandatory law):

(a) enforce any and all of the rights of the Secured Party under this Pledge Agreement and any statutory or other rights under the Danish Administration of Justice Act ("Retsplejeloven") and any other relevant rules or regulations; and/or

(b) exercise any or all rights relating to the Shares and Share Benefits including but not limited to voting rights on behalf and in the name of the Pledgor; and/or

(c) collect and receive any or all Share Benefits; and/or

(d) sell, transfer or assign the Shares and Share Benefits or part thereof, by way of private or public auction or contract at a price which in the reasonable opinion of the Secured Party is the best obtainable in the circumstances.

6.2 Power of attorney. The Pledgor irrevocably appoints the Secured Party as its attorney with full power to act for the Pledgor and in its name and on its behalf:

(a) to execute, sign or register and do all such acts and things which the Pledgor is required to do and fails to do under this Pledge Agreement;

(b) upon the occurrence and during the continuance of an Event of Default, to exercise any and all of its rights as shareholder in the Company relating to the Shares and the Share Benefits,

including without limitation exercising the voting rights and transferring title to the Shares and Share Benefits to a third party; and

(c) to take any steps the Secured Party deems expedient or reasonable to ensure the continued effectiveness of the security interest in the Shares and the Share Benefits as contemplated in Section 5.3.

6.3 Application of Monies. All monies received by the Secured Party under this Pledge Agreement shall be applied by the Secured Party in or towards payment of the Secured Obligations.

6.4 No Subrogation. The Pledgor shall have no right to subrogate, wholly or partly, in any security provided to the Secured Party in relation to the Indenture or in any other way until all of the Secured Obligations have been fully and finally satisfied.

6.5 Statutory Rights. Clause 6 shall not limit or reduce the statutory rights or any other rights of the Secured Party under Danish law.

7. Representations

7.1 Representations by the Pledgor. The Pledgor represents and guarantees to the Secured Party that:

(a) the Company is a company with limited liability duly incorporated and validly existing under the laws of Denmark, duly registered with the Danish Commerce and Companies Agency under CVR no. 24 24 27 81;

(b) the Pledgor is the sole legal and beneficial owner of all of the Shares and Share Benefits;

(c) the Pledgor is the sole shareholder in the Company;

(d) the security created by this Pledge Agreement constitute the legal, valid and binding obligations of the Pledgor enforceable against the Pledgor and the Pledgor's creditors and any other third party in accordance with its terms and create a first priority pledge over the Shares and Share Benefits;

(e) the Shares, the Share Benefits and any other shares of capital in the Company are fully-paid and non-assessable and are not subject to any encumbrances of any kind whether operating by virtue of contract or law, except for this Pledge Agreement;

(f) none of the Shares or the Share Benefits are subject to any shareholders agreements or any options, rights of first refusal, pre-emptive rights or any other rights restricting or affecting the voting on or the disposal of the Shares or the Share Benefits, save as set forth in the articles of association of the Company;

(g) the entering into and performance of this Pledge Agreement and the transactions contemplated hereby do not:

(i) conflict with any law, regulation or any official or judicial order or decree of any governmental agency or court;

(ii) contravene the articles of association or any other constitutional documents of the Pledgor or the Company; or

(iii) conflict with or result in a breach of any agreement or document to which the Pledgor is a party or which is binding upon the Pledgor or any of its assets; and

(h) all approvals, consents, registrations and other matters required in connection with this Pledge Agreement and the transactions contemplated hereby have been obtained and are in full force and effect.

8. Undertakings

8.1 Undertakings by the Pledgor. The Pledgor undertakes towards the Secured Party not without the prior written consent of the Secured Party (such consent not to be unreasonably withheld or delayed if required to give effect to the provisions of the Indenture):

(a) to sell or otherwise dispose of the Shares or Share Benefits, save as set forth in Clause 3.3;

(b) to enter into any shareholders' agreement with respect to the Shares or the Share Benefits or to grant or permit to exist, and immediately procure the removal of any option, right of first refusal, pre-emptive rights or any other right restricting or affecting the voting on or the disposal of the Shares or the Share Benefits;

(c) to amend or permit the amendment of the articles of association of the Company;

(d) not to do or cause or permit to be done anything which will, or could be reasonably expected to, materially adversely affect the Shares or the Share Benefits, this Pledge Agreement or the rights of the Secured Party hereunder; and

(e) to agree or permit that any Share Benefits or any other amount shall be paid to or otherwise distributed to the Pledgor or any other party (other than the Secured Party) from the Company if requested by the Secured Party in accordance with Clause 3.3.

8.2 Further undertakings by the Pledgor. The Pledgor further undertakes towards the Secured Party:

(a) to ensure that the Company does not issue any additional Shares or Share Benefits unless 65% of such are to the Pledgor and secured under this Pledge Agreement;

(b) not to do or cause or permit to be done anything which will, or could be reasonably expected to, materially adversely affect the Shares or the Share Benefits, this Pledge Agreement or the rights of the Secured Party hereunder; and

(c) at its own costs to execute and deliver to the Secured Party such further pledges, transfers, assignments, notices and other documents and do such acts and things which the Secured Party shall request for the purpose of perfecting and protecting this Pledge Agreement and realising the Shares and the Share Benefits including any notices in the event of an assignment of any of the rights of the Secured Party or the Secured Party under this Pledge Agreement.

9. Costs

9.1 Transaction and enforcement costs. The Pledgor shall pay and, on demand from the Secured Party, indemnify the Secured Party against any stamp duty, registration fees, other duties and fees, taxes, costs, expenses (including legal fees) and liabilities incurred or to be incurred by the Pledgor, the Company or the Secured Party in connection with the negotiation, preparation, execution, amendment, release, protection and/or enforcement or which otherwise arise of this Pledge Agreement.

10. Miscellaneous

10.1 No implied waivers; cumulative rights; separability; amendments. The rights of the Secured Party under this Agreement:

(a) shall not be waived by any delay in the exercise of any such rights unless otherwise expressly stated in writing by the Secured Party;

(b) are cumulative and may be exercised as often as necessary;

(c) are several and the invalidity or unenforceability of any provision shall not affect any other provision under this Pledge Agreement; and

(d) shall not be amended except with the written consent of the Secured Party.

11. Assignment

11.1 No assignment by the Pledgor. The Pledgor may not assign or transfer or have assumed any part of its rights and/or obligations under this Pledge Agreement.

11.2 Assignment by the Secured Party. The Secured Party may at any time assign, transfer or have assumed all or part of its rights or obligations under this Pledge Agreement without the consent of the Pledgor, provided that such assignment or transfer is made rateably in connection with an assignment or transfer of the Indenture. Any costs relating to such assignment, transfer or assumption to be paid by the Secured Party.

11.3 Perfection of Assignment. If the Pledgor is notified by the Secured Party of an assignment or transfer by the Secured Party of its rights under the Indenture, the Pledgor shall ensure that as soon as possible after the receipt of such notice:

(a) the Company shall be notified of such transfer or assignment and sign an acknowledgement of the transfer or assignment in a form acceptable to the Secured Party; and

(b) the Secured Party receives a transcript of the shareholder register of the Company in which name of the assignee or transferee is recorded as the Secured Party.

12. Law and Jurisdiction

12.1 Law. This Pledge Agreement shall be governed by and shall be construed in accordance with Danish law.

12.2 Main jurisdiction. For the sole benefit of the Secured Party, the Maritime and Commercial Court in Copenhagen (So-og Handelsretten i Kobenhavn) shall have jurisdiction with respect to any dispute arising out of or in connection with this Pledge Agreement and the Pledgor agrees for the benefit of the Secured Party that any legal action or proceedings arising out of or in connection with this Pledge Agreement against the Pledgor or any of its assets may be brought in the said court.

12.3 Alternative jurisdiction. Notwithstanding Clause 12.2, the Secured Party has the right:

(a) to commence proceedings against the Pledgor or its assets in any jurisdiction; and

(b) to commence enforcement proceedings concurrently with or in addition to proceedings in Denmark or without commencing proceedings in Denmark.

Executed by the parties on the date first written above.

As Pledgor,
Kronos International, Inc.:

/s/ Robert D. Hardy
- --
Name: Robert D. Hardy
Its: Vice President and Chief Financial Officer

As Secured Party,
U.S. Bank, N.A.:

/s/ David Pringle
Name: David Pringle
Its: Vice President

Exhibit 4.9

Execution version

KRONOS INTERNATIONAL, INC.

as Pledgor

and

U.S. BANK, N.A.

as Collateral Agent

relating to shares in

SOCIETE INDUSTRIELLE DU TITANE S.A.

PLEDGE AGREEMENT

(ACTE DE NANTISSEMENT DE COMPTE D'INSTRUMENTS FINANCIERS)

Dated 28 June 2002

CONTENTS

PLEDGE AGREEMENT

(ACTE DE NANTISSEMENT DE COMPTE D'INSTRUMENTS FINANCIERS)

BETWEEN:

(1) KRONOS INTERNATIONAL, Inc., a company incorporated under the laws of Delaware, USA, whose registered office is at 1013 Centre Road, Wilmington, Delaware 19805, USA (the "Pledgor"),

OF THE FIRST PART,

AND

(2) U.S. BANK, N.A., a national association, whose registered office is at 555 Southwest Oak Street, Plaza Level 6, Portland, Oregon, United States of America, acting as trustee under section 4.19 (Payments to the Collateral Agent) of the Indenture (as defined below),

(the "Collateral Agent" which expression shall include any person for the time being appointed as Collateral Agent or as an additional Collateral Agent for the purpose of, and in accordance with the Indenture).

OF THE SECOND PART.

WHEREAS:

(A) Pursuant to the resolutions of its shareholders dated 17 June 2002, the Pledgor issued 8 7/8 % senior secured notes due 2009 (the "Notes") for an aggregate amount of EUR 285,000,000 the terms and conditions of which are provided for in the indenture dated 28 June 2002 entered into between the Security Trustee and the Pledgor, together with all amendments, supplements and restatements thereof (the "Indenture").

(B) As security for the due performance of the Secured Obligations (as defined below), the Pledgor has agreed to create a pledge over the financial instruments accounts (comptes d'instruments financiers) opened in the books of the Company (as defined below).

IT HAS BEEN AGREED AS FOLLOWS:

1. Definition and Interpretation

1.1 In this Agreement:

"Company" means Societe Industrielle du Titane, societe anonyme incorporated under the laws of France, whose registered office is at 45 rue de Courcelles, 75008 Paris, France and registered with the Registre du commerce et des societes of Paris under number B 572 086 825.

"Event of Default" means any Default as defined in the Indenture.

"Noteholder" means any holder of the Notes and its successors and permitted assigns.

"Secured Obligations" means all obligations at any time due, owing or incurred by the Pledgor to the Collateral Agent pursuant to Section 4.19 (Payments to the Collateral Agent) of the Indenture, whether principal, premium or interest and whether present or future, actual or contingent (and whether incurred solely or jointly and whether as principal or surety or in some other capacity).

1.2 Words denoting the singular shall include the plural and vice versa, words denoting one gender shall include the other genders and words denoting persons shall include firms and corporations and vice versa.

1.3 References in this Agreement to any statutory provision shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under any such re-enactment.

1.4 References in this Agreement to any other agreement shall be construed as a reference to that other agreement as the same may from time to time be amended, varied, supplemented or novated.

1.5 References in this Agreement to the Collateral Agent and the Pledgor shall include their successors and permitted assigns.

1.6 Clause headings used in this Agreement are for convenience of reference only and shall not affect the construction of this Agreement.

2. The Pledge

2.1 In order to secure the full and punctual payment, performance and discharge of all of the Secured Obligations, the Pledgor hereby undertakes to grant a pledge over and pledges the financial instruments account (compte d'instruments financiers) opened and maintained by the Company in its books in the name of the Pledgor (the "Pledged Account") in favour of the Collateral Agent (the "Pledge") in accordance with article L.431-4 of the French Financial and Monetary Code (Code monetaire et financier) (the "Code").

2.2 The Pledged Account shall be credited with 136,439 shares of a face value of approximately EUR 0.38 held by the Pledgor in the Company representing 65 % of the issued capital of the Company (the "Shares") (which together with 60,968 shares of a face value of approximately EUR 0.38 held by the Pledgor in the Company representing 29 % of the issued capital of the company shall be hereinafter referred to as the "Pledgor's Interest") and with any Pledgor's rights, title, benefit and interest in all securities derived from the Shares or created in substitution of the Shares or any additional securities received in respect of the Shares by way of, without limitation, share exchange, regrouping, division, free issue, subscription by way of cash or otherwise, or by any other means, and with any dividends

or proceeds derived therefrom (the "Additional Assets", and the Shares and the Additional Assets shall be collectively referred to as the "Financial Instruments"). Such Additional Assets shall automatically be included within the scope of the Pledge. However, save as provided under Clause 6.2 of this Agreement, the Pledged Account shall not include the cash dividends, interest and other monetary rights (fruits et produits en toute monnaie) attached to the Shares (the "Cash Proceeds").

3. Perfection of Pledge

3.1 The Pledgor will on the date hereof execute a "statement of pledge over a financial instruments account" (declaration de constitution de gage de compte d'instruments financiers) relating to the Shares it holds in the Company in the form set out in Schedule 1 and shall procure that the Company to deliver to the Collateral Agent on the date hereof a "pledge certificate" (attestation de constitution de gage) in the form set out in Schedule 2, in compliance with article L.431-4 of the Code.

3.2 The Pledgor (i) undertakes to credit the Shares to the Pledged Account on the date hereof, (ii) shall procure that the credit of the Shares to the Pledged Account is recorded in the register of share transfers (registre des mouvements de titres) of the Company and (iii) will deliver on the date hereof to the Collateral Agent a certified copy of the register of the share transfers evidencing the transfer of the Shares to the Pledged Account pursuant to this Agreement.

3.3 The Pledgor shall procure that any Additional Assets shall be credited directly to the Pledged Account immediately upon the Pledgor becoming the owner of the Additional Assets and shall procure that the credit of such Additional Assets to the Pledged Account is recorded in the register of share transfers (registre des mouvements de titres) of the Company.

4. Representations and Warranties

4.1 The Pledgor hereby represents and warrants upon execution of this Agreement that:

4.1.1 the current share capital of the Company amounts to EUR 80,000, divided into 209,906 shares and no other securities (valeurs mobilieres) have been issued; in addition the shareholders have not voted the issuance of any securities (valeurs mobilieres); and

4.1.2 the shareholding of the Company is as described in Schedule 3.

4.2 Furthermore, the Pledgor hereby represents and warrants upon execution of this Agreement and as long as this Agreement and the Pledge shall remain in force, that:

4.2.1 it is a company duly incorporated and validly existing in its jurisdiction of incorporation, with the power to own its assets and carry on its business in all respects as it is being conducted;

4.2.2 it has the right and power to enter into this Agreement and to grant the Pledge, and all approvals and authorisations necessary

for the Pledgor to enter into this Agreement have been obtained and no further approvals or authorisations are necessary for the Pledgor to perform all its obligations under this Agreement;

4.2.3 it is the owner of all of the Financial Instruments and the other Pledgor's Interest, which are free and clear of any lien, option, charge, encumbrance or other third party rights other than the Pledge;

4.2.4 all of the Financial Instruments and the other Pledgor's Interest are fully paid up;

4.2.5 there exists no option to buy or right granted by the Pledgor to any person over all or part of the Financial Instruments and the other Pledgor's Interest;

4.2.6 the Company has given its consent to the Pledge and has agreed to have the Collateral Agent as potential shareholder, pursuant to a decision of its board of directors (conseil d'administration) dated 27 June 2002;

4.2.7 once the "statement of pledge over a financial instruments account" (declaration de constitution de gage) referred to in Clause 3.1 has been signed by the Pledgor, a valid nantissement (pledge) will be created in favour of the Collateral Agent over the Pledged Account to secure the Secured Obligations; and

4.2.8 all of the Financial Instruments relating to the Company represent 65 % of its shareholding in the Company.

5. Undertakings

Except as otherwise permitted in the Indenture, the Pledgor undertakes as long as this Agreement and the Pledge shall remain in force, that:

5.1 it will not place or permit any Financial Instruments to be placed in an account other than the Pledged Account;

5.2 it shall not, without the prior consent of the Collateral Agent, (i) assign, transfer, exchange or otherwise dispose of any of the Financial Instruments or (ii) incur or create or permit to subsist any third party interests (including encumbrances, pre-emptive rights, options and similar arrangements) with respect to any of the Financial Instruments (it being understood that no consent from the Collateral Agent will be required if (a) a new security interest (the "New Security Interest") is to be granted over the shares in the Company in favour of third parties and (b) the security interest granted hereby in favour of the Collateral Agent pursuant to this Agreement will at any time rank ahead the New Security Interest). If such consent is granted, the Collateral Agent shall promptly sign all documents and instruments necessary for the release of the security interest created hereunder over any Financial Instruments to be transferred or encumbered in accordance with this Clause 5.2;

5.3 it shall, at its expenses, take all the necessary steps to defend its rights in respect of each of the Financial Instruments against any claim or demand of any person in order to safeguard the rights and protect the status and priority of the Collateral Agent over the Pledged Account and shall promptly keep the Collateral Agent informed of any such claim or demand;

5.4 it shall at all times, at its expense, promptly approve, execute and deliver (or procure to be approved, executed and delivered) all decisions, instruments and documents, and take (or procure) all actions as may be necessary or appropriate, or as the Collateral Agent may require, to perfect or protect any security interest granted or purported to be granted hereby or to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder with respect to the Pledged Account;

5.5 it shall not exercise the voting rights attached to any of the Financial Instruments in a way which would be likely to adversely affect any of the rights of the Collateral Agent under this Agreement or the value of the Pledge created over the Pledged Account by virtue of this Agreement;

5.6 the Financial Instruments pledged under this Agreement shall always represent 65 % of the share capital of the Company. In the event that the Pledgor acquires or is attributed any new shares or other Financial Instruments in the Company not included in the Pledge, the Pledgor shall immediately carry out the formalities referred to in Clause 3 (Perfection of Pledge) above, so that the pledged Financial Instruments always represent 65 % of the share capital of the Company;

5.7 it shall procure that the Company does not issue new shares unless 65 % of the entire share capital in the Company is pledged in favour to the Collateral Agent;

5.8 it shall procure that the Company shall provide to the Collateral Agent, upon demand, any information as the Collateral Agent may require, reports and records in respect of the Pledged Account, including a "certificate of pledge" (attestation de constitution de gage) and the Pledgor shall sign all documents and take all actions necessary in relation thereto; and

5.9 it shall inform the Collateral Agent in writing of any modification regarding the share capital of the Company or the shareholding of the latter upon becoming aware of such modification; it shall also inform the Collateral Agent in writing as soon as it becomes aware that any issuance of securities (valeurs mobilieres) is considered in the Company and as soon as such issuance has been implemented.

6. Dividends - Voting Rights in Connection with the Shares

6.1 Provided that no Event of Default has occurred and is continuing, the Pledgor shall be entitled to all Cash Proceeds.

6.2 If an Event of Default has occurred and is continuing, any Cash Proceeds paid by the Company shall be automatically credited into the Pledged Account.

6.3 Subject to the provisions of Clause 5.5, if an Event of Default has occurred and is continuing, the Pledgor undertakes to exercise all voting rights with respect to the Shares in accordance with the prior written instructions of the Collateral Agent.

7. Remedies upon Default

At any time after an Event of Default has occurred which has not been remedied or waived, the Collateral Agent may exercise, in addition to all other rights and remedies granted to it under any other instrument or agreement securing, evidencing or relating to the Secured Obligations, all rights and remedies available to a secured party under the laws of France in respect of the Pledged Account; in particular, the Collateral Agent may enforce the Pledge by requesting either (i) the attribution by a court, in whole or in part, of the Financial Instruments to the Collateral Agent in accordance with the attribution judiciaire procedure pursuant to article 2078 of the French Civil Code or (ii) the public sale (vente publique) of the Financial Instruments pursuant to article L.521-3 of the French Commercial Code, as the Collateral Agent may choose.

8. Costs and Expenses

The Pledgor undertakes, on demand of the Collateral Agent, to indemnify the Collateral Agent against all costs and expenses (including legal fees) and all charges, duties or taxes relating thereto, incurred by the Collateral Agent in relation to the preparation, negotiation, execution and enforcement of this Agreement, in accordance with the Indenture or otherwise arising out of its role as Collateral Agent.

9. Termination

This Agreement shall terminate (a) upon (i) fulfilment of the Secured Obligations and due performance of all undertakings under the Indenture or (ii) upon Legal Defeasance or Covenant Defeasance (as defined in the Indenture) of all the Notes secured by the Pledge, pursuant to Article VIII of the Indenture, and (b) when the Pledgor has no further liability in respect of the Secured Obligations, notwithstanding the liquidation, bankruptcy, insolvency or reorganisation of the Pledgor or any other fact or contingency whatsoever but subject to applicable bankruptcy, insolvency, reorganisation or other similar laws, or if the Pledge is otherwise permitted to be released pursuant to the terms of the Indenture. Upon termination of this Agreement, the interest of the Collateral Agent over the Pledged Account shall terminate. Only once termination has occurred, at the request of the Pledgor, accompanied by such certificates, opinions, instruments and other documents as the Collateral Agent may reasonably require, the Collateral Agent shall, at the expense of the Pledgor, promptly execute any necessary instrument acknowledging the satisfaction and discharge of this Agreement, and shall promptly execute and deliver all such further instruments and documents and take all such further action, as may be reasonably necessary or appropriate, including the delivery of a letter to be given by the Collateral Agent to the Pledgor for the purpose of mainlevee, in respect of the Pledged Account.

10. Waiver - Remedies cumulative

10.1 No failure to exercise nor any delay in exercising on the part of the Collateral Agent any right or remedy under this Agreement shall operate as a waiver thereof nor shall any single or partial exercise of any right or remedy prevent any further or other exercise thereof or the exercise of any other right or remedy.

10.2 The rights and remedies provided for in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

11. Benefit of the Pledge

11.1 The security constituted by this Agreement shall not be considered as satisfied or discharged or prejudiced by any intermediate payment, satisfaction or settlement of any part of the Secured Obligations.

11.2 The security created by this Agreement shall be in addition to, and shall not in any way be prejudiced or affected by, and shall be without prejudice to, any other security or guarantee from time to time held by the Collateral Agent in respect of the Secured Obligations or any part thereof.

11.3 This Agreement shall be binding on and enure to the benefit of the parties hereto and their respective successors, permitted assigns and permitted transferees under the terms of the Indenture.

11.4 The Pledgor may not assign or transfer or purport to assign or transfer any or all of its rights and/or obligations under this Agreement without the prior written consent of the Collateral Agent.

12. Amendments

This Agreement may not be amended, modified or waived except with the written consent of the Pledgor and the Collateral Agent.

13. Notices

Any communication or document to be made or delivered by one person to another pursuant to this Agreement shall be made or delivered to that other person in accordance with section 13.2 (Notices) of the Indenture.

Any communication or document to be made or delivered by one person to the Collateral Agent shall be made or delivered to the Collateral Agent as follows:

U.S. Bank, N.A.
Address: 555 Southwest Oak Street, Plaza Level 6, Portland, Oregon, United States of America

Attention: Cheryl Nelson

Fax number: (503) 275-5738

Phone number: (503) 275-5708

14. Severability of Provisions

If, at any time, any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect in any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

15. Governing Law

This Agreement shall be governed by, and construed and enforced in accordance with, the laws of France.

16. Jurisdiction

The parties hereto submit to the exclusive jurisdiction of the Tribunal de commerce de Paris to settle any disputes which may arise out of or in connection with this Agreement. This choice of jurisdiction is for the benefit of the Collateral Agent only. The Collateral Agent shall also be entitled to take action against the Pledgor in any other court of competent jurisdiction.

Signed on 28 June 2002,

in three (3) original copies.

KRONOS INTERNATIONAL, Inc.

The Pledgor

By: Robert D. Hardy
Capacity: Vice President and Chief Financial Officer
Signature: /s/ Robert D. Hardy

U.S. BANK, N.A.

The Collateral Agent

By: David A. Pringle
Capacity: Vice President
Signature: /s/ David A. Pringle

Exhibit 4.10

Final Version

28 June 2002

Kronos InternationaL, iNC:

AS PLEDGOR

AND

U.S. Bank, N.A.

AS Collateral Agent and PLEDGEE

PARTNERSHIP INTEREST PLEDGE AGREEMENT
relating to the fixed capital contribution in
Kronos Titan GmbH & Co. OHG, Leverkusen

CONTENTS

THIS INTEREST PLEDGE AGREEMENT is made the 28th day of June 2002

Between:

1. Kronos International, Inc., a corporation organised under the laws of Delaware, USA, having its seat in Wilmington, Delaware, USA, which established a registered branch in Leverkusen, Federal Republic of Germany, registered in the commercial register (Handelsregister) of the local court (Amtsgericht) of Leverkusen under HRB 3001 (the "Pledgor");

2. U.S. Bank, N.A., a national association, having its principal office in Portland, Oregon, USA, in its capacity as collateral agent under the Indenture (as defined below) (together with its successors and assignees the "Collateral Agent").

WHEREAS:

(A) Kronos International, Inc. offered EUR 285,000,000 87/8 % senior secured notes (the "Initial Notes") which are governed by the Indenture, to, and Deutsche Bank AG London, Dresdner Bank AG London Branch, Commerzbank Aktiengesellschaft, London Branch, purchased the Initial Notes pursuant to, the terms of a purchase agreement dated 19 June 2002.

(B) The Pledgor has agreed to grant a pledge over 65 % of the entire fixed capital (Festkapital) of the Company (as defined below) as security for the Collateral Agent's claims against the Pledgor under the Parallel Obligations (as defined below). The Collateral Agent is entitled to this security pursuant to the terms of the Indenture.

NOW, IT IS AGREED as follows:

1. Definitions and Language

1.1 Unless otherwise defined herein, capitalised terms shall have the same meanings as set out in the Indenture.

"Company" means Kronos Titan GmbH & Co. OHG, an unlimited partnership (offene Handelsgesellschaft) organised under the laws of the Federal Republic of Germany having its business address at Peschstra(beta)e 5, 51737 Leverkusen, Federal Republic of Germany which is registered in the commercial register (Handelsregister) of the local court (Amtsgericht) of Leverkusen under HRA 4198.

"Indenture" means an indenture dated 28 June 2002 between the Pledgor and the The Bank of New York, a New York banking corporation, having its

principal place of business at One Wall Street, New York, New York, 10286, United States of America (the "Trustee").

1.2 This Agreement is made in the English language. For the avoidance of doubt, the English language version of this Agreement shall prevail over any translation of this Agreement. However, where a German translation of a German legal term appears in the text of this Agreement, the German translation shall prevail.

2. Interests in the Company

2.1 The Company's partners are Kronos International, Inc. with a fixed capital interest (Festkapitalanteil) of EUR 99,950,250 (in words: Euro ninety nine million nine hundred fifty thousand two hundred and fifty) and NL Industries Chemie GmbH with a fixed capital interest (Festkapitalanteil) of EUR 49,750 (in words: Euro forty nine thousand seven hundred and fifty).

3. Secured Obligations

The pledge hereunder is constituted in order to secure the prompt and complete satisfaction of any obligations including, but not limited to principal, premium, if any, and interest, at any time due, owing or incurred by the Pledgor to the Collateral Agent under the Parallel Obligations (the "Secured Obligations").

4. Pledge

4.1 The Pledgor hereby pledges to the Collateral Agent a part of its fixed capital interest (Festkapitalanteil) in the Company in the amount of 65 %, i.e. currently in the amount of EUR 65,000,000 (in words: Euro sixty five million), of the fixed capital, and 65 % of the Kapitalkonto II (such 65 % collectively being the "Existing Interest") and a part that is equivalent to 65 % of the nominal amount of all additional fixed capital interest of the Company (irrespective of their nominal value) which the Pledgor may acquire in the future (such 65 % being the "Future Interests" and, together with the Existing Interest, the "Interests") together with all ancillary rights and claims associated with the Interests as more particularly specified in Clause 5 hereof (the "Pledge"). In the case that the Future Interests should not be sufficiently determinable, the Pledgor is obligated to pledge such Future Interests in accordance with Section 8.6 hereof when the Future Interests become determinable.

4.2 The Collateral Agent hereby accepts the Pledge.

4.3 The Pledge is in addition, and without prejudice, to any other security the Collateral Agent may now or hereafter hold in respect of the Secured Obligations.

5. Scope of the Pledge

5.1 The Pledge constituted by this Agreement include:

(a) the present and future rights to receive:

(i) profits payable in relation to the Interests (Gewinnanspruch), if any and, in particular but not limited to, any and all rights and claims arising in connection with the capital accounts (Kapital-konten) of the Pledgor, if any; and

(ii) liquidation proceeds (Liquidationserlos), redemption proceeds (Einziehungsentgelt), repaid capital in case of a capital decrease, any compensation in case of termination (Kundigung) and/or withdrawal (Austritt) of a partner of the Company, the surplus in case of surrender (Preisgabe), any claim to a distribution-quota (Auseinandersetzungsanspruch) and all other pecuniary claims (geldwerte Forderungen) associated with the Interests; and

(b) all other rights and benefits attributable to the Interests.

5.2 Notwithstanding that the aforementioned rights are pledged hereunder, the Pledgor shall be entitled to receive and retain all payments attributable to the Interests whether in cash, by the issue of any loan note or debt instrument in respect of the Interests until such time as the Collateral Agent is entitled to enforce the Pledge constituted hereunder.

6. Exercise of Membership Rights

The membership rights, including the voting rights, attached to the Interests remain with the Pledgor. The Pledgor, however, shall at all times until the full satisfaction or defeasance of all Secured Obligations or the release of the Pledge exercise its membership rights, including its voting rights, in good faith to ensure that the validity and enforceability of the Pledge and the existence of all or part of the Interests are not in any way adversely affected, other than through payments pursuant to Clause 5.2 above, or as otherwise permitted by the Indenture. The Pledgor undertakes that no resolutions are passed which constitute a breach of its obligations under Clause 8 hereof.

7. Enforcement of the Pledge

7.1 If the requirements set forth in Section 1204 et seq. of the German Civil Code (Burgerliches Gesetzbuch) with regard to the enforcement of the Pledge are met (Pfandreife), in particular, if any of the Secured Obligations has become due and payable pursuant to Section 6.2 of the

Indenture and are unpaid, then in order to enforce the Pledge, the Collateral Agent may at any time thereafter avail itself of all rights and remedies that a pledgee has upon default of a pledgor under the laws of the Federal Republic of Germany.

7.2 Notwithstanding Section 1277 of the German Civil Code, the Collateral Agent is entitled to exercise its rights without obtaining enforceable judgment or other instrument (vollstreckbarer Titel) by way of public auction.

7.3 The Pledgor hereby expressly agrees that ten (10) business days' prior written notice to the Pledgor of the place and time of any such public auction shall be sufficient. The public auction may take place at any place in the Federal Republic of Germany designated by the Collateral Agent.

7.4 If the Collateral Agent should seek to enforce the Pledge under Clause 7.1 hereof, the Pledgor shall, at its own expense, render forthwith all necessary assistance in order to facilitate the prompt sale of the Interests or any part thereof and/or the exercise by the Collateral Agent of any other right it may have as pledgee.

7.5 If the Pledge is enforced, no rights of the Collateral Agent shall pass to any Pledgor by subrogation or otherwise unless and until all of the Secured Obligations have been satisfied and discharged in full. Until then, the Collateral Agent shall be entitled to treat all enforcement proceeds as additional collateral for the Secured Obligations, or to seek satisfaction from such proceeds at any time.

7.6 Following satisfaction of the requirements for enforcement under Clause 7.1 hereof, all subsequent payments of profits attributable to the Interests and all payments based on similar ancillary rights attributed to the Interests may be applied by the Collateral Agent in satisfaction in whole or in part of the Secured Obligations or treated as additional collateral.

7.7 Even if the requirements for enforcement referred to under Clause 7.1 above are met, the Collateral Agent shall not, whether as proxy or otherwise, be entitled to exercise the voting rights attached to the Interests. However, the Pledgor shall, upon occurrence of an event which allows the Collateral Agent to enforce the Pledge, have the obligations and the Collateral Agent shall have the rights set forth in Clause 8.5 below regardless of which resolutions are intended to be adopted.

7.8 The Collateral Agent may, in its sole discretion, determine which of several security interests, if applicable, shall be used to satisfy the Secured Obligations.

7.9 The Pledgor hereby expressly waives all defences of revocation (Einrede der Anfechtbarkeit) and set-off (Einrede der Aufrechenbarkeit) pursuant to

Sections 770, 1211 of the German Civil Code. In the case of enforcement, Section 1225 of the German Civil Code (legal subrogation of claims to a pledgor - Forderungsubergang auf den Verpfander) shall not apply until full and final satisfaction of all Secured Obligations.

8. Undertakings of the Pledgor

Except as otherwise permitted by the terms of this Agreement, during the term of this Agreement, the Pledgor undertakes to the Collateral Agent:

8.1 To the extent prohibited by the Indenture, not to take, or participate in, any action which results or might result in the respective Pledgor's loss of ownership of all or part of the Interests, and any other transaction which would have the same result as a sale, transfer, encumbrance or other disposal of the Interests, or which would cause the Interests in whole or in part to cease to exist, or which would for any other reason defeat, impair or circumvent the rights of the Collateral Agent except with the prior written consent of the Collateral Agent.

8.2 Not to take, or participate in, any merger, consolidation, conversion of form, or other business combination or restructuring of similar effect ("Conversion") as a result of which the Company would be converted into, assumed by, or continue to exist as, a corporation (limited liability company (Gesellschaft mit beschrankter Haftung) or stock corporation (Aktiengesellschaft)), unless it is ensured that as from the time, when the Conversion will become legally effective, the Collateral Agent will be granted, at equal terms as under this Agreement, a pledge over 65 % of the entire capital stock (Stammkapital or Grundkapital) of such corporation.

8.3 To promptly inform the Collateral Agent in writing of all matters concerning the Company or the Interests, other than those occurring in the ordinary course of business, of which the Pledgor is aware and which it reasonably believes might have a material adverse effect on the security interest hereunder of the Collateral Agent. The Pledgor shall allow, following the occurrence or during the continuance of an Event of Default pursuant to the Notes or the Indenture, the Collateral Agent or, as the case may be, its proxy or any other person designated by the Collateral Agent, to attend all such partners' meetings of the Company as attendants without power to vote. Subject to the provision contained in Clause 11 hereof, the Collateral Agent's right to attend the shareholders' meeting shall lapse immediately upon complete satisfaction and discharge or defeasance of the Secured Obligations.

8.4 In the event of any increase in the capital (Kapitalkonto I in the case of a general partnership (offene Handelsgesellschaft) and Stammkapital /

Grundkapital in the case of a corporation (Gesellschaft mit beschrankter Haftung / Aktiengesellschaft)) of the Company, to fully pay in any Future Interest.

8.5 Insofar as additional declarations or actions of any kind whatsoever are necessary for the creation, perfection or continued existence of the Pledge or the creation of a new pledge in favour of the Collateral Agent to ensure its security interest hereunder, the Pledgor shall at the Collateral Agent's reasonable request make such declarations and undertake such actions or take all other steps in the form required by law and as requested by the Collateral Agent at the Pledgor's sole costs and expenses.

9. Representations and Warranties

The Pledgor represents and warrants to the Collateral Agent by way of an independent guarantee (unabhangiges Schuldversprechen) that:

9.1 it has full corporate power and authority to enter into this Agreement;

9.2 this Agreement constitutes the legal, valid and binding obligations of the Pledgor;

9.3 this Agreement does not violate any Governing Documents of the Company;

9.4 the statements made in Clause 2 above are true and correct;

9.5 it is the sole legal and beneficial owner, free from encumbrances (other than the Pledge created hereunder), of all Interests;

9.6 the Existing Interest is fully paid in and the fixed capital interest (Festkapitalanteil) has not been repaid in any way; all facts capable of being entered into the commercial register of the Company have been entered into the commercial register;

9.7 there are no silent partnership agreements (Stille Gesellschaft) by which a third party is entitled to a participation in the profits or revenue of the Company;

9.8 the partnership agreement attached as Schedule 1 hereto presents a true and complete copy of the current partnership agreement of the Company; and

9.9 the place from which the Company is in fact administered and where all material managerial decisions are taken (tatsachlicher Verwaltungssitz) is situated in the Federal Republic of Germany.

10. Duration and Independence

10.1 This Agreement shall remain in full force and effect until complete satisfaction, defeasance or discharge of the Secured Obligations or the release of the Pledge pursuant to the terms of the Indenture. The Pledge shall not cease to exist if the Pledgor under the Notes have only temporarily discharged the Secured Obligations.

10.2 This Agreement shall create a continuing security and no change, amendment, or supplement whatsoever in the Notes or in any document or agreement related to any of the Notes shall affect the validity or the scope of this Agreement nor the obligations which are imposed on the Pledgor pursuant to it.

10.3 This Agreement is independent from any other security or guarantee which may have been or will be given to the Collateral Agent. None of such other security shall prejudice, or shall be prejudiced by, or shall be merged in any way with this Agreement.

11. Release (Pfandfreigabe)

Upon complete and irrevocable satisfaction or defeasance of the Secured Obligations or compliance with the terms of the Indenture permitting discharge or release of the collateral, pursuant to the terms of the Indenture the Collateral Agent will as soon as reasonably practical declare the release of the Pledge (Pfandfreigabe) to the Pledgor as a matter of record. For the avoidance of doubt, the parties are aware that upon full and complete satisfaction of the Secured Obligations the Pledge, due to its accessory nature (Akzessorietat), ceases to exist by operation of German mandatory law.

12. Costs and Expenses

All costs, charges, fees, taxes and expenses triggered by this Agreement or reasonably incurred by any party hereto in connection with its preparation, execution, amendments and enforcement (in each case including reasonable fees for legal advisers) shall be borne by the Pledgor.

13. Partial Invalidity, Waiver

13.1 If at any time, any one or more of the provisions hereof is or becomes invalid, illegal or unenforceable in any respect under the law of any jurisdiction, such provision shall as to such jurisdiction, be ineffective to the extent necessary without affecting or impairing the validity, legality and enforceability of the remaining provisions hereof or of such provisions in any other jurisdiction. The invalid or unenforceable provision shall be deemed replaced by such valid, legal or enforceable

provision which comes as close as possible to the original intent of the parties and the invalid, illegal or unenforceable provision.

13.2 No failure to exercise, nor any delay in exercising, on the part of the Collateral Agent, any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise thereof or the exercise of any other right or remedy. The rights and remedies provided hereunder are cumulative and not exclusive of any rights or remedies provided by law.

13.3 In particular, the Pledge shall not be affected and shall in no event extend to more than 65% of the Pledgor's fixed capital interest (Festkapitalanteil) in the Company even if the number or nominal value of the Existing Interest or the aggregate capital of the Company as stated in Clause 2 are inaccurate or deviate from the actual facts.

14. Amendments

Changes and amendments to this Agreement including this subsection shall be made in writing.

15. Notices and their Language

15.1 Any notice or communication by the Pledgor or the Collateral Agent to others is duly given if in writing and delivered in person or mailed by first class mail (registered or certified, return receipt requested), telex, telecopier or overnight air courier guaranteeing next day delivery, to the others' address:

For the Pledgor: Kronos International, Inc.

Address: 16825 North Chase Drive
Suite 1200
Houston, Texas 77060
Fax: +1 281 423 3333
Attention: Robert D. Hardy

With a copy to: Locke Liddell & Sapp LLP

Address:: 2200 Ross Avenue
Suite 2200
Dallas, Texas 75201

Fax: +1 214 756 8623
Attention: Don M. Glendenning, Esq.

For the Collateral Agent: U.S. Bank N.A.

Address: 555 S.W. Oak Street
Portland, Oregon 97204
USA

Fax: +1 (503) 275 5738
Attention: Cheryl Nelson

With a copy to the Trustee: The Bank of New York

Address: 101 Barclay Street
21st Floor West
New York, New York 10286
USA

Fax: +1 (212)235 2530
Attention: Corporate Trust
Administration

or to such other address as the recipient may notify or may have notified to the other party in writing.

15.2 Unless otherwise provided herein, any notice or other communication under or in connection with this Agreement shall be in the English language or, if in any other language, accompanied by a translation into English. In the event of any conflict between the English text and the text in any other language, the English text shall prevail, except that where a German translation of a German legal term appears in such text, the German translation shall prevail.

16. Applicable Law, Jurisdiction

16.1 This Agreement shall be governed by and construed in accordance with the laws of the Federal Republic of Germany.

16.2 The place of jurisdiction for any and all disputes arising under or in connection with this Agreement shall be the district court (Landgericht) in Frankfurt am Main. The Collateral Agent, however, shall also be entitled to take legal action against the Pledgor in any other court of competent jurisdiction. Further, the taking of proceedings against any Pledgor in any one or more jurisdictions shall not preclude the taking of proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by applicable law.

17. Transfer to a New Collateral Agent

In the case that the Collateral Agent assigns the Secured Obligations to a third party and the third party assumes the Secured Obligations, the Collateral Agent shall be entitled to transfer all of its rights and obligations under this Agreement to such third party and such third party shall assume such rights and obligations, and will thereby become a Collateral Agent under this Agreement. The new Collateral Agent and the former Collateral Agent shall jointly notify the Pledgor in writing of this transfer under this Agreement. Such transfer shall not require any further consent by the Pledgor.

18. Miscellaneous

18.1 The Pledgor hereby notifies the Company of the Pledge constituted hereunder.

18.2 The Company acknowledges notice of the Pledge by signing this Agreement.

18.3 The Pledgor and NL Industries Chemie GmbH, being the sole partners in the Company, have unanimously approved the Pledge created hereunder in a partners' resolution dated 27 June 2002, a certified copy of which is attached as Schedule 2 hereto.

19. Counterparts

This Pledge Agreement shall be executed in counterparts, each of which shall similarly be binding upon the parties hereto.

Signature Page

THIS PARTNERSHIP INTEREST PLEDGE AGREEMENT has been entered into on the date stated at the beginning by:

Kronos International, Inc.

/s/ Robert D. Hardy
- ----------

By: Robert D. Hardy

Name: Robert D. Hardy
Title: Vice President and Chief Financial Officer

U.S. Bank, N.A.

/s/ David Pringle
- ----------

By: David Pringle

Name: David Pringle
Title: Vice President

Acknowledged and agreed

Kronos Titan GmbH & Co. OHG represented by its managing partner Kronos International, Inc., a corporation organised under the laws of Delaware, USA, having its seat in Wilmington, Delaware, USA, which established a registered branch in Leverkusen, Federal Republic of Germany, registered in the commercial register (Handelsregister) of the local court (Amtsgericht) of Leverkusen under HRB 3001.

By:	/s/ U. Fiand	/s/ V. Roth
	Name: U. Fiand	V. Roth
	Title: President	V/P Controller

DEPOSIT AGREEMENT

THIS DEPOSIT AGREEMENT (this "Agreement"), dated as of June 28, 2002, is among NL Industries, Inc., a New Jersey corporation (the "Company"), and JPMorgan Chase Bank, formerly known as Chemical Bank, a New York banking corporation in its capacity as trustee (the "Trustee") under the Indenture (hereinafter described). Capitalized terms not otherwise defined in this Agreement shall have the meanings set forth in the Indenture.

W I T N E S S E T H:

WHEREAS, the Company has previously issued its 11-3/4% Senior Secured Notes Due 2003 (the "Notes") pursuant to an indenture, dated as of October 20, 1993 (the "Indenture"), between the Company and the Trustee; and

WHEREAS, the Company wishes to cause the Notes to be redeemed in full and to irrevocably deposit in trust with the Trustee money for the purpose of paying the Redemption Price pursuant to Article Eleven of the Indenture; and

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

Section 1. Deposit of Moneys. The Company has deposited with the Trustee moneys in the amount of $174,682,000.00 in the manner and for the purposes herein provided.

Section 2. Creation of Trust Account. There is hereby created and established with the Trustee a special and irrevocable trust account to be designated the "NL Industries, Inc. Redemption Trust Account" (the "Redemption Account"). All moneys received pursuant to this Agreement shall be deposited and held in the Redemption Account and may, upon Company Order, be invested in short term United States Treasury securities maturing on or before the Redemption Date, which securities shall be held in the Redemption Account.

Section 3. Acknowledgements by Trustee. The Trustee acknowledges that (a) it has received from or on behalf of the Company moneys in the amount of $174,682,000.00 and has credited the same to the Redemption Account and (b) it holds no other funds for the purpose of paying the Notes. The Trustee acknowledges that it has received irrevocable notice from the Company to issue to the holders of the Notes notice of the redemption of the Notes as soon as practicable on or after the date of deposit as provided herein.

Section 4. Irrevocable Deposit. The deposit by the Company of moneys in the Redemption Account under this Agreement constitutes an irrevocable deposit thereof in trust solely for the purpose of making the payments described in Section 5 hereof, all in accordance with, and subject to the provisions of, Articles Four and Eleven of the Indenture.

Section 5. Application of Trust Funds.

(a) The Trustee agrees to apply the moneys deposited in the Redemption Account, in accordance with the provisions hereof and Articles Four and Eleven of the Indenture, to the payment of the Redemption Price.

(b) It is expressly understood and agreed that the Redemption Account shall be held solely for the benefit of the Holders (as defined in the Indenture) of the Notes.

(c) The moneys deposited into the Redemption Account are sufficient to pay in full the Redemption Price of the Notes on or before July 28, 2002.

Section 6. Rights and Limitations of Liability.

(a) The liability of the Trustee for the payment of the principal of and interest on the Notes pursuant to this Agreement shall be limited solely to the application of the moneys deposited herewith for such purposes in the Redemption Account. No provision of this Agreement shall require the Trustee to expend or risk its own funds, or otherwise incur any financial liability in the performance of any of its duties hereunder, if there is reasonable ground for believing that the repayment of such funds or liability is not reasonably assured to it under the terms of this Agreement or adequate indemnity against such risk is not reasonably assured to it.

(b) The parties acknowledge and agree that the Trustee is entering into this Agreement in its capacity as trustee under the Indenture. As such, the Trustee shall be entitled, in performing any of its duties under this Agreement, to all rights, privileges, protections, immunities and limitations of liability provided the Trustee under the Indenture, which rights, privileges, protections, immunities and limitations are specifically incorporated herein by this reference thereto, and nothing herein shall constitute a waiver of any rights or protections available to the Trustee under Articles Six or any other provision of the Indenture. Without in any way limiting the generality of the preceding sentence, the Trustee will be entitled to the rights set forth in Article Six of the Indenture in performing any of its duties under this Agreement.

(c) The recitals herein shall not be considered as made by, or imposing any obligations or liability upon, the Trustee. The Trustee makes no representations as to the value, condition or sufficiency of the Redemption Account, or any part thereof, or as to the title of the Company thereto, or as to the security afforded thereby or hereby, and the Trustee shall not incur any liability or responsibility in respect to any of such matters.

Section 7. Books and Records. The Trustee shall maintain full and complete records of all assets and funds held by the Trustee from time to time under this Agreement, and of all receipts and disbursements hereunder, and shall furnish reports thereof to the Company upon its written request (but not more often than monthly). The books and records of the Trustee pertaining to this Agreement and the assets and funds held in the Redemption Account hereunder shall be made available for examination by the Company and its respective agents, attorneys and accountants from time to time during normal business hours subject to such reasonable regulations or restrictions as the Trustee may from time to time impose.

Section 8. Insufficient Funds. If at any time the moneys in the Redemption Account will not be sufficient to make all payments required by this Agreement, the Trustee shall notify the Company in writing, promptly upon obtaining actual knowledge of such deficiency, of the amount thereof and the reason therefor; it being understood, however, that the Company shall have no obligation under this Agreement or under the Indenture to cure any such deficiency. The Trustee shall have no other responsibility regarding any such deficiency.

Section 9. Termination. On the next New York business day following the Redemption Date of the Notes, all moneys remaining in the Redemption Account, if any, after payment of all amounts payable therefrom as described in Section 5 of this Agreement (or retention by the Trustee of amounts sufficient to make such payments not theretofore made), and after payment of any amounts owing to the Trustee under the Indenture, shall be paid over to the Company pursuant to the Indenture; provided however, the Company hereby directs the Trustee to pay any such amounts to the order of the Company's subsidiary, Kronos International, Inc. Upon the payment of all amounts payable hereunder, this Agreement and the rights hereby granted shall thereupon cease and terminate; provided, however, that the provisions of Section 6 (Rights and Limitations of Liability), Section 11 (Fees and Expenses) and Section 15 (Indemnity) shall survive the termination of this Agreement.

Section 10. Holders' Lien on Redemption Account. The creation and establishment of the Redemption Account for the purposes herein specified shall be irrevocable, and the Trustee, on behalf of the holders of the Notes, shall have an express lien on and security interest in the Redemption Account and all moneys therein until paid out, used and applied in accordance with this Agreement.

Section 11. Fees and Expenses. Without in any way limiting the generality of Section 6(b) of this Agreement, the Trustee will be entitled to the rights of compensation and reimbursement of expenses, disbursements and advances set forth in the Indenture in performing any of its duties under this Agreement.

Section 12. Amendments. This Agreement is made for the benefit of the Company and the holders from time to time of the Notes, and it shall not be repealed or revoked, without the written consent of all such Holders and the Trustee. The Company and the Trustee may, without the consent of, or notice to, such Holders, amend this Agreement in any respect so long as such amendment would not cause the Redemption Account to fail to meet the requirements of the Indenture. Any such amendment must be set forth in a written agreement supplemental to this Agreement, and the Trustee may conclusively rely upon an opinion of counsel in form and substance satisfactory to the Trustee in determining whether to enter into any such agreement supplemental to this Agreement.

Section 13. Resignation or Removal of Trustee. The resignation or removal of the Trustee from its capacity under this Agreement shall be governed by Sections 610, 611 and 612 of the Indenture, which is specifically incorporated herein by this reference thereto.

Section 14. Severability; Headings. If any one or more of the covenants or agreements provided in this Agreement on the part of any of the parties hereto to be performed should be determined by a court of competent jurisdiction to be

contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions hereof. All paragraph headings included herein are for convenience of reference only and shall not affect the interpretation of the provisions hereof.

Section 15. Indemnity. Without in any way limiting the generality of Section 6(b) of this Agreement, the Trustee will be entitled to the rights of indemnification set forth in the Indenture in performing any of its duties under this Agreement.

Section 16. Governing Law. This Agreement shall be deemed to be a contract made under the laws of the State of New York, and for all purposes shall be governed by and construed in accordance with the laws of said State, without regard to conflicts of laws principles thereof.

Section 17. Counterparts. This Agreement may be executed in several counterparts, all of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

Section 18. Benefit. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

Section 19. Notice. Any notices hereunder shall be in writing and shall be sent to the following addresses:

To Trustee: JPMorgan Chase Bank
Institutional Trust Services
450 West 33rd Street
New York, New York 10001
Attention: Richard Lorenzen
Tel: 212-946-3360
Fax: 212-946-8158

To Company: NL Industries, Inc.
16825 Northchase Drive
Suite 1200
Houston, Texas 77060
Attention: John St. Wrba
Telecopy: (281) 423-3329
Telephone: (281) 423-333

Notices to the Trustee shall be deemed to be given when actually received by the Trustee's Institutional Trust Services Department. Whenever under the terms hereof the time for giving a notice or performing an act falls upon a Saturday, Sunday or banking holiday, such time shall be extended to the next day on which Trustee is open for business.

IN WITNESS WHEREOF, the parties hereto have each caused this Deposit Agreement to be executed by a duly authorized officer as of the date first above written.

NL INDUSTRIES, INC.

By:

Name: Robert D. Hardy
Title Vice President and
Chief Financial Officer:

JPMORGAN CHASE BANK, as Trustee

By:

Name: Richard Lorenzen
Title: Vice President

JPMORGAN CHASE BANK
(A New York Banking Corporation)

As Trustee under
NL Industries, Inc.'s Indenture,
Dated as of October 20, 1993

TO

NL Industries, inc.
(A New Jersey Corporation)

Satisfaction and Discharge of Indenture,
Release, Assignment and Transfer

Dated as of June 28, 2002

Discharging NL Industries, Inc.'s Indenture
Dated as of October 20, 1993

SATISFACTION AND DISCHARGE OF INDENTURE,
RELEASE, Assignment and transfer

THIS DOCUMENT, dated as of June 28, 2002 (hereinafter referred to as "Satisfaction of Indenture"), relates to that certain Indenture, dated as of October 20, 1993 (the "Indenture"), from NL Industries, Inc., a New Jersey corporation, whose address is Two Greenspoint Plaza, 16825 Northcase Drive, Suite 1200, Houston, Texas 77060-2544 (hereinafter referred to as the "Company"), to Chemical Bank.

WHEREAS, The Chase Manhattan Bank, National Association merged into Chemical Bank, on July 15, 1996, and the name became The Chase Manhattan Bank, and Morgan Guaranty Trust Company of New York merged into The Chase Manhattan Bank on November 10, 2001, and the name became JPMorgan Chase Bank, a New York banking corporation, whose address is 450 West 33rd Street, New York, New York 10001 (hereinafter referred to as "Trustee"); and

WHEREAS, pursuant to the Indenture, the financing statements listed on Schedule 1 to this Satisfaction of Indenture were filed in accordance with the Uniform Commercial Code of each of New York, New Jersey and Texas; and

WHEREAS, all indebtedness secured by the Indenture and all proper charges of the Trustee thereunder have been paid and the Company has deposited with the Trustee pursuant to a Deposit Agreement dated as of June 28, 2002 funds sufficient to effect a full redemption of all of the Outstanding Notes and any additional amount required to satisfy and discharge the Indenture; and

WHEREAS, to the knowledge of the Trustee, none of the Events of Default defined in Section 501 of the Indenture has occurred and is continuing; and

WHEREAS, pursuant to Section 401 of the Indenture, the Company has requested the Trustee to cancel and discharge the Lien of the Indenture, and to execute and deliver to the Company this Satisfaction of Indenture in order to assign and transfer to the Company the Trust Estate, and all other property of the Company and any related rights in respect of such property, any of which are held by the Trustee or otherwise subject to the Lien of the Indenture (whether created by the Indenture, including without limitation the Lien created by the after-acquired property clauses of the Indenture, or by subsequent delivery or pledge to the Trustee under the Indenture or otherwise) (collectively, the "Pledged Property"), and to acknowledge that the Lien of the Indenture has been cancelled, discharged and satisfied.

NOW, THEREFORE, THIS SATISFACTION OF INDENTURE WITNESSETH:

ARTICLE I

Satisfaction and Discharge

The Trustee hereby acknowledges and agrees that Chemical Bank merged with The Chase Manhattan Bank, National Association on July 15, 1996, and the name became The Chase Manhattan Bank and The Chase Manhattan Bank merged with Morgan

Guaranty Trust Company of New York on November 10, 2001, and the name became JPMorgan Chase Bank, a New York banking corporation, and the Trustee is the trustee under the Indenture. The Trustee, pursuant to the provisions of Section 401 of the Indenture, hereby acknowledges that the Company's obligations under the Indenture have been satisfied and hereby cancels and discharges the Indenture and the Lien thereof. The Trustee hereby authorizes and directs the appropriate officials in the States of New York, New Jersey and Texas and all such other such places wherein any financing statements, including, without limitation, the financing statements listed on Schedule 1, were filed in connection with the Indenture, to cancel and terminate all such financing statements as provided by law. Without limiting the foregoing, the Trustee agrees to take all actions reasonably requested by the Company to cause the cancellation and termination of all financing statements affecting any of the Pledged Property.

ARTICLE II

Assignment and Transfer of Pledged Property

The Trustee, for valuable consideration, the receipt and sufficiency whereof are hereby acknowledged, hereby releases, reassigns, retransfers and sets over unto the Company, and its successors and assigns forever, and releases and forever discharges from the Lien of the Indenture, all of the Trustee's right, title and interest in and to the Pledged Property;

TOGETHER WITH all revenues, issues, earnings, income, product and profits thereof, and all the right, title and interest and claim whatsoever, at law as well as in equity, of the Trustee in and to the Pledged Property;

TO HAVE AND TO HOLD the Pledged Property that is herein released, reassigned, retransferred, and set over by the Trustee as aforesaid, unto the Company and its successors and assigns forever, free and clear of all Liens, claims and encumbrances of any type whatsoever created by or in favor of the Trustee pursuant to the Indenture or otherwise;

PROVIDED, HOWEVER, that this reassignment, retransfer, cancellation and discharge shall be without covenants, warranties of title or seisin, or of any other nature whatsoever, either express or implied in law or in equity; and shall be without recourse against the Trustee in any event or any contingency, and shall be without prejudice to the rights of the Trustee under of the Indenture, which rights shall survive satisfaction and discharge of the Indenture.

ARTICLE III

Miscellaneous Provisions

SECTION 3.01 The terms defined in the Indenture and used herein shall, for all purposes of this Satisfaction of Indenture, have the meanings specified in the Indenture.

SECTION 3.02 The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Satisfaction of Indenture or for or in respect of the recitals contained herein, all of which recitals are deemed made by the Company solely.

SECTION 3.03 This Satisfaction of Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, JPMorgan Chase Bank has caused its corporate name to be hereunto affixed, and this instrument to be signed and sealed by one of its Vice Presidents or one of its Assistant Vice Presidents, and its corporate seal to be attested to by one of its Trust Officers, all as of the day and year first above written.

JPMORGAN CHASE BANK
[SEAL] as Trustee

By:

Assistant Vice President

Attest:

- ---
Trust Officer

Signed, sealed and delivered in the presence of:

- ---
Witness

- ---
Witness

- ---
Notary Public

My Commission Expires:

Notarial Seal

STATE OF NEW YORK)
SS.
COUNTY OF NEW YORK)

On this ___ day of June, 2002, before me, _____, Notary Public in and for the State of New York, personally appeared _____ and _____, known to me to be an Assistant Vice President and a Trust Officer, respectively, of JPMORGAN CHASE BANK, a New York banking corporation, who being duly sworn, stated that the seal affixed to the foregoing instrument is the corporate seal of said corporation and acknowledged this instrument to be the free, voluntary and in all respects duly and properly authorized act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.

[SEAL]

SCHEDULE 1 - FINANCING STATEMENTS

NL INDUSTRIES, INC.
UCC FINANCING STATEMENTS

Juris.	Secured Party	Type of Filing	Filing Date	Filing Number	Other
New Jersey State	Chemical Bank, as Trustee	Original	10-27-93	1537455	See In Lieu Of Filing made in New Jersey 5-9-02
		Amendment	2-27-95	262192-5	Debtor address change
		Continuation	10-23-98	4953414	Combined Filing
		Amendment	10-23-98	4953414	Amends Secured Party to "The Chase Manhattan Bank as successor in interest to Chemical Bank as Trustee"
	JPMorgan Chase Bank (formerly known as Chemical Bank), as Trustee	Original	5-9-02	2101976-0	In Lieu Of Filing (New York County filing 93PN53268 made 10-27-93)
	JPMorgan Chase Bank (formerly known as Chemical Bank), as Trustee	Original	5-9-02	2102000-0	In Lieu Of Filing (New York State filing 225624 made 10-27-93)
	JPMorgan Chase Bank (formerly known as Chemical Bank), as Trustee	Original	5-9-02	2102010-0	In Lieu Of Filing (New Jersey State filing 1537455 made 10-27-93)
	JPMorgan Chase Bank (formerly known as Chemical Bank), as Trustee	Original	5-9-02	2101999-9	In Lieu Of Filing (Texas State filing 93-00204566 made 10-27-93)

Juris.	Secured Party	Type of Filing	Filing Date	Filing Number	Other
New York County	Chemical Bank, as Trustee	Original	10-27-93	93PN53268	See In Lieu Of Filing made in New Jersey 5-9-02
		Amendment	3-7-95	95PN09942	Debtor address change
	The Chase Manhattan Bank as successor in interest to Chemical Bank as Trustee	Amendment	10-23-98	98PN56456	Amends Secured Party to "The Chase Manhattan Bank as successor in interest to Chemical Bank as Trustee"
		Continuation	10-23-98	98PN56455	
New York State	Chemical Bank, as Trustee	Original	10-27-93	225624	See In Lieu Of Filing made in New Jersey 5-9-02
		Amendment	3-1-95	042440	Debtor address change
	The Chase Manhattan Bank as successor in interest to Chemical Bank as Trustee	Amendment	10-23-98	226148	Amends Secured Party to "The Chase Manhattan Bank as successor in interest to Chemical Bank as Trustee"
		Continuation	10-23-98	226147	
Texas	Chemical Bank, as Trustee	Original	10-27-93	93-00204566	See In Lieu Of Filing made in New Jersey 5-9-02
		Amendment	2-28-95	95-0062533	Debtor address change
		Continuation	10-23-98	98-00731327	Combined Filing
	The Chase Manhattan Bank as successor in interest to Chemical Bank as Trustee	Amendment	10-23-98	98-00731327	Amends Secured Party to "The Chase Manhattan Bank as successor in interest to Chemical Bank as Trustee"

KRONOS, INC.
UCC FINANCING STATEMENTS

Juris.	Secured Party	Type of Filing	Filing Date	Filing Number	Other
Delaware	JPMorgan Chase Bank (formerly known as Chemical Bank), as Trustee	Original	5-8-02	21152457	In Lieu Of Filing (New Jersey State filing 1537454 made 10-27-93)
	JPMorgan Chase Bank (formerly known as Chemical Bank), as Trustee	Original	5-8-02	21152499	In Lieu Of Filing (New York County filing 93PN53271 made 10-27-93)
	JPMorgan Chase Bank (formerly known as Chemical Bank), as Trustee	Original	5-8-02	21152531	In Lieu Of Filing (New York State filing 225622 made 10-27-93)
	JPMorgan Chase Bank (formerly known as Chemical Bank), as Trustee	Original	5-8-02	21152408	In Lieu Of Filing (Texas State filing 93-00204565 made 10-27-93)
New Jersey State	Chemical Bank, as Trustee	Original	10-27-93	1537454	See In Lieu Of Filing made in Delaware 5-8-02
		Amendment	2-27-95	262192-2	Debtor address change
		Amendment	2-27-95	262192-4	Secured Party (NL) address change
		Continuation	10-23-98	4953414	Combined Filing
	The Chase Manhattan Bank as successor in interest to Chemical Bank as Trustee	Amendment	10-23-98	4953414	Amends Secured Party to "The Chase Manhattan Bank as success in interest to Chemical Bank as Trustee"
New York County	Chemical Bank, as Trustee	Original	10-27-93	93PN53271	See In Lieu Of Filing made in Delaware 5-8-02

Juris.	Secured Party	Type of Filing	Filing Date	Filing Number	Other
		Amendment	3-17-95	95PN11795	Debtor address change
	Amends Secured Party to "The Chase Manhattan Bank as successor in interest to Chemical Bank as Trustee"	Amendment	10-23-98	98PN56454	Amends Secured Party to "The Chase Manhattan Bank as success in interest to Chemical Bank as Trustee"
		Continuation	10-23-98	98PN56453	
New York State	Chemical Bank, as Trustee	Original	10-27-93	225622	See In Lieu Of Filing made in Delaware 5-8-02
		Amendment	3-1-95	042441	Debtor address change
	The Chase Manhattan Bank as successor in interest to Chemical Bank as Trustee	Amendment	10-23-98	226150	Amends Secured Party to "The Chase Manhattan Bank as successor in interest to Chemical Bank as Trustee"
		Continuation	10-23-98	226149	
Texas	Chemical Bank, as Trustee	Original	10-27-93	93-00204565	See In Lieu Of Filing made in Delaware 5-8-02
		Amendment	2-28-95	95-00625335	Debtor address change
		Amendment	2-28-95	95-00625336	Secured Party (NL) address change
		Continuation	10-23-98	98-00731328	Combined Filing
	The Chase Manhattan Bank as successor in interest to Chemical Bank as Trustee	Amendment	10-23-98	98-00731328	Amends Secured Party to "The Chase Manhattan Bank as successor in interest to Chemical Bank as Trustee"

Exhibit 10.1

Execution Copy

DATED 25 June 2002

KRONOS TITAN GMBH & CO. OHG
KRONOS EUROPE S.A./N.V.
KRONOS TITAN AS
and
TITANIA AS
as Borrowers

KRONOS TITAN GMBH & CO. OHG
KRONOS EUROPE S.A./N.V.
and
KRONOS NORGE AS
as Guarantors

KRONOS DENMARK APS
as Security Provider

DEUTSCHE BANK AG
as Mandated Lead Arranger

DEUTSCHE BANK LUXEMBOURG S.A.
as Agent and Security Agent

and

KBC BANK NV
as Fronting Bank

and

Others

EUR 80,000,000
FACILITY AGREEMENT

CONTENTS

THIS AGREEMENT is dated 25 June 2002 and made between:

(1) KRONOS TITAN GMBH & CO. OHG (the "German Borrower"), KRONOS EUROPE S.A./N.V. (the "Belgian Borrower"), KRONOS TITAN AS (the "Norwegian Borrower 1") and TITANIA AS (the "Norwegian Borrower 2") as borrowers (each a "Borrower" and together the "Borrowers");

(2) KRONOS TITAN GMBH & CO. OHG (the "German Guarantor"), KRONOS EUROPE S.A./N.V. (the "Belgian Guarantor") and KRONOS NORGE AS (the "Norwegian Guarantor") as guarantors (each a "Guarantor" and together the "Guarantors");

(3) KRONOS DENMARK APS as additional security provider ("Kronos Denmark");

(4) DEUTSCHE BANK AG as mandated lead arranger (the "Mandated Lead Arranger");

(5) KBC BANK NV as fronting bank (the "Fronting Bank");

(6) THE FINANCIAL INSTITUTIONS listed in Schedule 1 as lenders (the "Original Lenders"); and

(7) DEUTSCHE BANK LUXEMBOURG S.A. as agent of the other Finance Parties (the "Agent") and as Security Agent for the Secured Parties (the "Security Agent").

IT IS AGREED as follows:

SECTION 1
INTERPRETATION

1. Definitions And Interpretation

1.1 Definitions
In this Agreement:

"Additional Cost Rate" has the meaning given to it in Schedule 4 (Mandatory Cost formulae).

"Affiliate" means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

"Agent's Spot Rate of Exchange" means the Agent's spot rate of exchange for the purchase of the relevant currency with the Base Currency in the European foreign exchange market at or about 11:00 a.m. on a particular day.

"Applicable GAAP" means:

(b) in relation to any Obligor whose jurisdiction of incorporation is the Federal Republic of Germany, generally accepted accounting principles in the Federal Republic of Germany;

(c) in relation to any Obligor whose jurisdiction of incorporation is Belgium, generally accepted accounting principles in Belgium;

(d) in relation to any Obligor whose jurisdiction of incorporation is Norway, generally accepted accounting principles in Norway; and

(e) in relation to Kronos Denmark, generally accepted accounting principles in Denmark; and

(f) in relation to the Parent, US GAAP.

"Authorisation" means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration.

"Availability Period" means the period from and including the date of this Agreement to and including the Business Day falling immediately before the Termination Date.

"Available Commitment" means a Lender's Commitment minus:

(a) the Base Currency Amount of its participation in any outstanding Loans and Letters of Credit; and

(b) in relation to any proposed Utilisation, the Base Currency Amount of its participation in any Loans and Letters of Credit that are due to be made on or before the proposed Utilisation Date,

other than that Lender's participation in any Loans and Letters of Credit that are due to be repaid, prepaid or expire on or before the proposed Utilisation Date.

"Available Facility" means the aggregate for the time being of each Lender's Available Commitment.

"Base Currency" means euros.

"Base Currency Amount" means, in relation to a Loan or a Letter of Credit, the amount specified in the Utilisation Request delivered by a Borrower for that Loan or a Letter of Credit (or, in the case of a Loan only, if the amount requested is not denominated in the Base Currency, that amount converted into the Base Currency at the Agent's Spot Rate of Exchange on the date which is three Business Days before the Utilisation Date adjusted to reflect any repayment or prepayment of the Loan).

"Break Costs" means the amount (if any) by which:

(a) the interest which a Lender should have received for the period from the date of receipt of all or any part of its participation in a Loan or Unpaid Sum to the last day of the current Interest Period in respect of that Loan or Unpaid Sum, had the principal amount or Unpaid Sum received been paid on the last day of that Interest Period;

exceeds:

(b) the amount which that Lender would be able to obtain by placing an amount equal to the principal amount or Unpaid Sum received by it on deposit with a leading bank in the Relevant Interbank Market for a period starting on the Business Day following receipt or recovery and ending on the last day of the current Interest Period.

"Business Day" means:

(a) (in relation to any day other than a date for the payment, purchase of, or rate fixing relating to euro) a day, other than a Saturday or

Sunday, on which banks are open for general business in Luxembourg, (in relation to the Letter of Credit) the principal financial centre of the country of the Facility Office of the Fronting Bank and (in relation to any date for payment or purchase of, or rate fixing relating to, a sum denominated in a currency other than euro) the principal financial centre of the country of that currency; or

(b) (in relation to any date for payment, purchase of, or rate fixing relating to euro) any TARGET Day.

"Capital Lease" means any lease or hire purchase contract which would, in accordance with Applicable GAAP, be treated as a finance or capital lease.

"Cash Collateral" means, in relation to any Letter of Credit or L/C Proportion of a Letter of Credit, a deposit in an interest-bearing account or accounts with the Fronting Bank as the Agent (with the consent of the Fronting Bank) may specify, that deposit and account to be secured in favour of, and on terms and conditions acceptable to, the Agent and the Fronting Bank.

"Cash Collateral Documents" means any documents as the Agent may specify, to be entered into in relation to the Cash Collateral.

"Cash Equivalent Investments" means:

(a) debt securities (including money market funds that invest substantially all of their assets in debt securities) denominated in euros, sterling or dollars or kroner ("Accepted Currency") issued by any member state of the European Union, Norway and the United States of America which are not convertible into any other form of security;

(b) debt securities (including money market funds that invest substantially all of their assets in debt securities) denominated in any Accepted Currency which are not convertible into any other form of security, rated P-1 (Moody's Investor Services Inc.) or A-1 (Standard & Poors' Corporation) which in each case are not issued or guaranteed by any member of the Group;

(c) certificates of deposit and time deposits denominated in any Accepted Currency issued by, and acceptances by, banking institutions authorised under applicable legislation of any member state of the European Union, the United States of America or Norway which at the time of making such issue or acceptances, have outstanding debt securities rated as provided in paragraph (b) above or which have minimum capital of EUR 250,000,000; and

(d) such other securities (if any) as are approved in writing by the Agent.

"Charged Property" means all the assets of the Borrowers or Kronos Denmark which from time to time are, or are expressed to be, the subject of the Transaction Security.

"Combining Schedule" means a schedule substantially in the form set out in part I of Schedule 10 (Form of Combining Schedule) when delivered pursuant to Clause 23.3(a)(i) and part II of Schedule 10 (Form of Combining Schedule) when delivered pursuant to Clause 23.3(a)(ii), in each case combining the financial information of the Parent including each of the Obligors and its Subsidiaries (on a legal entity basis) which is used to prepare and corresponds with the Parent's (audited, in the case of a financial year) consolidated balance sheet and statements of income and cash flows for the relevant financial year or financial quarter (as the case may be), in each case prepared using US GAAP.

"Commitment" means:

(a) in relation to an Original Lender, the amount in the Base Currency set opposite its name under the heading "Commitment" in Schedule 1 (The Original Lenders) and the amount of any other Commitment transferred to it under this Agreement; and

(b) in relation to any other Lender, the amount in the Base Currency of any Commitment transferred to it under this Agreement,

to the extent not cancelled, reduced or transferred by it under this Agreement.

"Compliance Certificate" means a certificate substantially in the form set out in part I of Schedule 6 (Form of Compliance Certificate).

"Confidentiality Undertaking" means a confidentiality undertaking substantially as set out in Schedule 11 (Form of Confidentiality Undertaking) or in any other form agreed between the German Borrower and the Agent.

"Default" means an Event of Default or any event or circumstance specified in Clause 26 (Events of Default) which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Finance Documents or any combination of any of the foregoing) be an Event of Default.

"Environmental Claim" means any claim, proceeding or investigation by any person in respect of any Environmental Law.

"Environmental Law" means any applicable law in any jurisdiction in which any member of the Group conducts business which relates to the pollution or protection of the environment or harm to or the protection of human health or the health of animals or plants.

"Environmental Permits" means any permit, licence, consent, approval and other authorisation and the filing of any notification, report or assessment required under any Environmental Law for the operation of the business of any member of the Group conducted on or from the properties owned or used by the relevant member of the Group.

"EURIBOR" means, in relation to any Loan in euro:

(a) the applicable Screen Rate; or

(b) (if no Screen Rate is available for the Interest Period of that Loan) the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Agent at its request quoted by the Reference Banks to leading banks in the European interbank market,

as of the Specified Time on the Quotation Day for the offering of deposits in euro for a period comparable to the Interest Period of the relevant Loan.

"Event of Default" means any event or circumstance specified as such in Clause 26 (Events of Default).

"Expiry Date" means, in relation to any Letter of Credit, the date on which the maximum aggregate liability under that Letter of Credit is to be reduced to zero provided that any such date will end on or before the Termination Date.

"Facility" means the revolving loan and letter of credit facility made available under this Agreement as described in Clause 2 (The Facility).

"Facility Office" means the office or offices notified by a Lender to the Agent in writing on or before the date it becomes a Lender (or, following that date, by not less than five Business Days' written notice) as the office or offices through which it will perform its obligations under this Agreement.

"Fee Letter" means any letter or letters dated on or about the date of this Agreement between the Mandated Lead Arranger and the German Borrower (or the Agent and the German Borrower or the Fronting Bank and the relevant Borrower) setting out any of the fees referred to in Clause 15 (Fees).

"Finance Document" means this Agreement, the Security Documents, the Subordination Agreement, any Fee Letter and any other document designated as such by the Agent and the German Borrower.

"Finance Party" means the Agent, the Mandated Lead Arranger, the Fronting Bank, the Security Agent or a Lender.

"Financial Indebtedness" means any indebtedness for or in respect of:

(a) moneys borrowed;

(b) any amount raised by acceptance under any acceptance credit facility;

(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

(d) the amount of any liability in respect of any Capital Lease;

(e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(f) any amount under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing as defined in paragraphs (a) or (c) above (which, for the avoidance of doubt, shall not include deferred payment obligations which are standard within the industry and in the ordinary course of business);

(g) any derivative transaction and the resulting net liability as determined from time to time, if any, entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);

(h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

(i) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above.

"Fronting Bank" means KBC Bank NV.

"Group" means each of the Obligors and their Subsidiaries.

"Holding Company" means, in relation to a company or corporation, any other company or corporation in respect of which it is a Subsidiary.

"Information Memorandum" means the document in the form approved by the German Borrower concerning the Group and the Parent which, at the Parent's and the Borrowers' request and on their behalf, was prepared in relation to this transaction and distributed by the Mandated Lead Arranger to selected financial institutions before the date of this Agreement.

"Intellectual Property" means all patents, trade marks, service marks, trade names, design rights, copyright (including rights in computer software and moral rights and in published and unpublished work), titles, rights to know-how and other intellectual property rights, in each case whether registered or unregistered and including applications for the grant of any of the foregoing and all rights or forms of protection having equivalent or similar effect to any of the foregoing which may subsist anywhere in the world.

"Interest Period" means, in relation to a Loan, each period determined in accordance with Clause 13 (Interest Periods) and, in relation to an Unpaid Sum, each period determined in accordance with Clause 12.1 (Default interest periods).

"Intra-group Loan" means a borrowing of money as defined in paragraphs (a), (c) and (f) of the definition of Financial Indebtedness from the Parent or any other member of the NL Group by any member of the Group.

"L/C Amount" means:

(a) each sum paid or due and payable by the Fronting Bank to the beneficiary of a Letter of Credit pursuant to the terms of that Letter of Credit; and

(b) all liabilities, costs (including, without limitation, any costs incurred in funding any amount which falls due from the Fronting Bank under a Letter of Credit), claims, losses and out-of-pocket expenses which the Fronting Bank incurs or sustains in connection with a Letter of Credit,

in each case which has not been reimbursed pursuant to Clause 9 (Borrower's liabilities in relation to Letters of Credit).

"L/C Commission Rate" means a letter of credit commission rate of 1.75 per cent. per annum.

"L/C Proportion" means, in relation to a Lender in respect of any Letter of Credit and save as otherwise provided in this Agreement, the proportion (expressed as a percentage) borne by that Lender's Available Commitment to the Available Facility immediately prior to the issue of that Letter of Credit.

"Legal Opinions" means the legal opinions delivered to the Agent pursuant to Clause 4.1 (Initial conditions precedent).

"Legal Reservations" means:

(a) the principle that equitable remedies may be granted or refused at the discretion of a court, the limitation of enforcement by laws relating to insolvency, reorganisation and other laws generally affecting the rights of creditors; and

(b) the time bearing of claims, defences of set-off or counterclaim and similar principles which are set out in the Legal Opinions as qualifications as to matters of law.

"Lender" means:

(a) any Original Lender; and

(b) any bank, financial institution, trust, fund or other entity which has become a Party in accordance with Clause 27 (Changes to the Lenders),

which in each case has not ceased to be a Party in accordance with the terms of this Agreement.

"Letter of Credit" means a letter of credit issued or to be issued by the Fronting Bank under the Facility substantially in the form set out in Schedule 12 (Form of Letter of Credit) or in such other form requested by the Borrower which is acceptable to the Agent and the Fronting Bank.

"LIBOR" means:

(a) in relation to any Loan (other than a Loan denominated or to be denominated in sterling), the applicable Screen Rate; or

(b) in relation to (i) any Loan denominated in or to be denominated in sterling or (ii) any other Loan if no Screen Rate is available for the currency or Interest Period of that other Loan, the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Agent at its request quoted by the Reference Banks to leading banks in the London interbank market,

as of the Specified Time on the Quotation Day for the offering of deposits in the currency of that Loan and for a period comparable to the Interest Period for that Loan.

"Loan" means a loan made or to be made under the Facility or the principal amount outstanding for the time being of that loan.

"LMA" means the Loan Market Association.

"Majority Lenders" means:

(a) until the Total Commitments have been reduced to zero, a Lender or Lenders whose Commitments aggregate more than 51% of the Total Commitments (or, if the Total Commitments have been reduced to zero and there are no Loans or Letters of Credit then outstanding, aggregated more than 51% of the Total Commitments immediately prior to the reduction); or

(b) at any other time, a Lender or Lenders whose participations in the Outstandings aggregate more than 51% of all the Outstanding.

"Mandatory Cost" means the percentage rate per annum calculated by the Agent in accordance with Schedule 4 (Mandatory Cost formulae).

"Margin" means 1.75 per cent. per annum.

"Material Adverse Effect" means a material adverse effect on the business, assets or financial condition of the German Borrower, the Belgian Borrower or the Group taken as a whole.

"Material Contracts" means any agreements including licence agreements entered into by any member of the Group which is reasonably likely to be material to the business or financial condition of any Obligor or the Group taken as a whole.

"Material Subsidiary" means Unterstutzungskasse Kronos Titan GmbH and any other Subsidiary of any Obligor:

(a) whose total assets represent 5 per cent. or more of the consolidated total assets of the Group; or

(b) whose total operating income represents 5 per cent. or more of the consolidated total operating income of the Group,

all as shown (in the case of any Subsidiary) in its most recent annual or half yearly accounts (consolidated, as the case may be, if it has Subsidiaries) and (in the case of the Group) the most recent annual or, as the case may be, half yearly Combining Schedules of the Group, provided that:

(i) if any Material Subsidiary sells, transfers or otherwise disposes of the majority of its undertaking or assets (whether by a single transaction or a number of related transactions) to any other member of the Group:

(1) that other member of the Group shall be deemed to become a Material Subsidiary on the date of the relevant sale, transfer or disposal; and

(2) any Material Subsidiary which sells, transfers or otherwise disposes of the majority of its undertaking or assets (whether by a single transaction or a number of related transactions) shall no longer be a Material Subsidiary on the date of the relevant sale, transfer or disposal,

until the Material Subsidiaries are next determined from the annual or half yearly accounts referred to above;

(ii) if any Material Subsidiary does not satisfy either of the tests set out in paragraphs (a) and (b) above for reasons other than those referred to under paragraph (i) above, then such Material Subsidiary shall cease to be a Material Subsidiary from the point of time that the non-satisfaction of such tests can be determined from the annual audited accounts or the half yearly unaudited accounts referred to above; and

(iii) if a Subsidiary has been acquired since the date as of which the latest consolidated annual or half yearly accounts of the Group were prepared, such accounts shall be adjusted in order to take into account the acquisition of such Subsidiary.

"Month" means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

(a) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day; and

(b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month.

The above exceptions will only apply to the last Month of any period.

"NL Group" means NL Industries Inc. and its Subsidiaries (other than any such Subsidiaries which form part of the Group).

"Norwegian Borrowers" means the Norwegian Borrower 1 and the Norwegian Borrower 2.

"Obligor" means a Borrower or a Guarantor.

"Optional Currency" means a currency (other than the Base Currency) which complies with the conditions set out in Clause 4.3 (Conditions relating to Optional Currencies).

"Original Financial Statements" means:

(a) in relation to the Norwegian Guarantor, its audited consolidated financial statements for the financial year ended 31 December 2001 prepared using Applicable GAAP;

(b) in relation to each Obligor, its audited unconsolidated financial statements for the financial year ended 31 December 2001 prepared using Applicable GAAP; and

(c) in relation to the Group, a Combining Schedule for the financial year ended 31 December 2001 prepared using US GAAP.

"Outstandings" means at any time, the aggregate of the Base Currency Amounts of the outstanding Loans and the amount of the maximum actual and contingent liabilities of the Lenders in respect of each outstanding Letter of Credit.

"Parent" means Kronos International, Inc., a Delaware corporation.

"Participating Member State" means any member state of the European Communities that adopts or has adopted the euro as its lawful currency in accordance with legislation of the European Community relating to Economic and Monetary Union.

"Party" means a party to this Agreement.

"Permitted Affiliate Transactions" means any transaction entered into between any member of the Group and the Parent or any other member of the NL Group either (i) in the ordinary course of trading or business and in accordance with past practice or (ii) which is necessary to accommodate legal or regulatory requirements of such member of the Group.

"Permitted Financial Indebtedness" means Financial Indebtedness, without duplication:

(a) arising under or permitted pursuant to the Finance Documents;

(b) incurred with the prior written consent of the Majority Lenders and any Refinancing thereof;

(c) existing on the date of this Agreement and listed in Schedule 8 (Existing Financial Indebtedness) and any Refinancing thereof, provided that the Financial Indebtedness referred to in item 1 of Schedule 8 (Existing Financial Indebtedness) (or any Refinancing

thereof) is repaid upon the first Utilisation Date and the Financial Indebtedness referred to in item 7 of Schedule 8 (Existing Financial Indebtedness) (or any Refinancing thereof) is repaid no later than 120 days from the date of this Agreement and provided further that any Refinancing of the Financial Indebtedness referred to in items 2 and 3 of Schedule 8 (Existing Financial Indebtedness) is subject to a subordination agreement between the debtor, the creditor and the Security Agent on substantially the same terms as in the Subordination Agreement;

(d) arising under any derivative transaction entered into by any member of the Group in respect of Financial Indebtedness of such members of the Group and any Refinancing thereof provided that such derivative transactions are (i) entered into to protect members of the Group from fluctuations in interest rates on outstanding Financial Indebtedness to the extent the notional principal amount of such derivative transactions does not, at the time of the incurrence thereof, exceed the principal amount of the Financial Indebtedness to which such derivative transaction relates and (ii) entered into in the ordinary course of business of such members of the Group and not for investment of speculative purposes;

(e) arising under any commodity agreements or currency agreements entered into by any member of the Group provided that (i) in the case of any such currency agreements which relate to Financial Indebtedness or trade payables of any member of the Group, such currency agreements do not increase the outstanding Financial Indebtedness or trade payables of such member of the Group (other than as a result of fluctuations in foreign currency exchange rates or by reason of fees, indemnities and compensation payable thereunder) and (ii) in the case of any such commodity agreements or currency agreements, such agreements are entered into in the ordinary course of business of such members of the Group and not for investment or speculative purposes;

(f) owed by any Obligor to any other Obligor;

(g) owed by any member of the Group which is not an Obligor to any other member of the Group which is not an Obligor or to an Obligor, unless incurred in violation of this Agreement;

(h) arising under any Intra-group Loans provided that the payment claims of the Parent or any other member of the NL Group in respect of any such Intra-group Loans have been subordinated to the claims of the Finance Parties pursuant to the Subordination Agreement; and

(i) arising from the honouring by a Lender or other financial institution of a cheque, draft or similar instrument inadvertedly (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business, provided that such Financial Indebtedness is extinguished within two Business Days of incurrence;

(j) consisting of guarantees, indemnities or obligations in respect of customary purchase price adjustments in connection with the acquisition of or disposal over assets up to an aggregate amount of EUR 2,000,000 (or its equivalent in another currency or currencies);

(k) incurred by the Norwegian Borrower 2 in the ordinary course of business to finance the purchase price for the acquisition of heavy earth moving equipment or other similar equipment related to mining by it or any Refinancing thereof up to an aggregate amount of EUR 10,000,000 (or its equivalent in another currency or currencies);

(l) incurred by any member of the Group the principal amount of which (when aggregated with the principal amount of all other Financial Indebtedness incurred by the members of the Group other than any Financial Indebtedness permitted under paragraphs (a) to (k) above) does not exceed EUR 5,000,000 (or its equivalent in another currency or currencies).

"Permitted Loans and Guarantees" means:

(a) any guarantee or indemnity granted by any member of the Group or any assumption of liability in respect of any obligation of any other person made by any member of the Group in the ordinary course of its trading or business and upon terms usual for such trade but excluding any such guarantees or indemnities or such assumption of liability granted in favour of or for the benefit of the Parent or any other member of the NL Group;

(b) any guarantee or assumption of liability granted or made by any member of the Group in favour of indebtedness other than Financial Indebtedness of the Parent or any other member of the NL Group;

(c) any indemnity granted by any member of the Group in the ordinary course of its trading or business under Permitted Affiliate Transactions;

(d) any guarantee or indemnity required under any of the Finance Documents;

(e) any loan, grant of credit, guarantee or indemnity or assumption of any liability in respect of any other person which is granted or made by any member of the Group who is not an Obligor to or for the benefit of an Obligor;

(f) any Permitted Obligor Loan;

(g) any loan, grant of credit, guarantee or indemnity or assumption of any liability in respect of any other person which is granted or made by any Obligor to or for the benefit of any other Obligor; and

(h) any loan granted by any Obligor to any wholly-owned subsidiary being a member of the Group which is not an Obligor (including the sale or discounting of receivables by any member of the Group to the German Borrower) up to an aggregate amount of EUR 5,000,000.

"Permitted Obligor Loan" means any loan, interim dividend, return on capital or repayment of capital contribution (the "Interim Payments") made by an Obligor to the Parent or Kronos Denmark in any financial year of such Obligor in order to bridge the amount of any dividend payable in respect of such financial year (whether or not it will be paid during the next financial year) provided that (a) such Obligor shall not make any such Interim Payment in any financial year to the extent that the aggregate amount of all such Interim Payments in any financial year shall exceed 75% of the net profit of the Group for the period starting on the first day of such financial year and ending on the last day of the month of the then current financial year preceding the month in which the Interim Payment is to be made; (b) any repayment claim of the relevant Obligor in respect of any such Interim Payments will be set off against dividends which are made by the Obligors to the Parent or Kronos Denmark (as the case may be) at the time at which such dividends are made; and (c) any repayment claim of the relevant Obligor in respect of any such Interim Payments or any Interim Payments made in excess of 100% of the net profits of the Group for the relevant financial year will be (re-)payable in any

event by the Parent or Kronos Denmark upon the earlier of the date upon which a dividend payment is actually made and the date falling 45 days after the date upon which the financial statements of the relevant Obligor are required to be delivered in accordance with paragraph (a)(i) of Clause 23.1 (Financial Statements of the Obligors)

"Quotation Day" means, in relation to any period for which an interest rate is to be determined:

(a) (if the currency is euro) two TARGET Days before the first day of that period; or

(b) (for any other currency) two Business Days before the first day of that period,

unless market practice differs in the Relevant Interbank Market for a currency, in which case the Quotation Day for that currency will be determined by the Agent in accordance with market practice in the Relevant Interbank Market (and if quotations would normally be given by leading banks in the Relevant Interbank Market on more than one day, the Quotation Day will be the last of those days).

"Reference Banks" means Deutsche Bank Luxembourg S.A. and the principal offices of Commerzbank Aktiengesellschaft and Dexia Bank Belgium NV/SA or such other bank or banks as may from time to time be agreed between the German Borrower and the Agent acting on the instructions of the Majority Lenders.

"Refinance" means, in respect of any Financial Indebtedness, to refinance in whole or in part the amount of such Financial Indebtedness on arms' length terms and in accordance with market standards and the terms "Refinanced" and "Refinancing" shall be construed accordingly.

"Relevant Interbank Market" means in relation to euro, the European interbank market and, in relation to any other currency, the London interbank market.

"Relevant Jurisdiction" means:

(a) the jurisdiction of incorporation of each member of the Group; and

(b) the jurisdiction where any asset subject to or intended to be subject to the Transaction Security is situated.

"Repeating Representations" means each of the representations set out in Clauses 22.1 (Status) to 22.6 (Governing law and enforcement), Clause 22.9 (No default), Clause 22.13 (No proceedings pending or threatened), Clause 22.19 (Legal and beneficial owner) and Clause 22.20 (No winding up).

"Restricted Payments" means, without duplication, any payment or declaration of any dividend, return on capital, repayment of capital contributions or other distributions (including, for the avoidance of doubt, any payment made under any profit and loss transfer agreement) or any other distribution of assets or other payment whatsoever in respect of share capital or any payment (including the provision or repayment of a loan, payment of interest on a loan, granting of any guarantee or voluntary assumption of any liability in respect of any other person when and to the extent drawn, performed or paid) (the "Relevant Distribution") made, whether directly or indirectly, by any member of the Group to the Parent or any other member of the NL Group but excluding (i) any transaction entered into between any member of the Group and the Parent or any other member of the NL Group in the ordinary course of trading or business on arms' length terms, (ii) any Relevant Distribution which has subsequently been reinvested by the relevant member of the NL Group in a

member of the Group by way of a repayment of a Permitted Obligor Loan, providing a new Intra-group Loan or by way of providing new equity to the extent that such Intra-group Loans or equity (as the case may be) have not been repaid, (iii) any Relevant Distribution made to the Parent or any other member of the NL Group by a member of the Group to fund a tax payment owing by the Parent or such other member of the Group (a) in its capacity as partner of the German Borrower (in the case of the Parent) or (b) otherwise as a result of a tax structuring as a consequence of which a tax that would otherwise be owed by a member of the Group is owed by the Parent or any other member of the NL Group, (iv) any partial repayment by the German Borrower of amounts due by it to the Parent pursuant to a note dated 30 December 1998 up to a maximum amount of EUR 15,000,000 and (v) any interest paid or payable by any member of the Group to the Parent or any other member of the NL Group, provided such amount of interest paid or payable is included in Net Interest when determining the amount in Clause 24.2(b)(ii).

"Rollover Loan" means one or more Loans:

(a) made or to be made on the same day that a:

(i) maturing Loan is due to be repaid; or

(ii) demand in respect of a Letter of Credit is due to be met;

(b) the aggregate amount of which is equal to or less than the maturing Loan or Letter of Credit;

(c) in the same currency as the maturing Loan (unless it arose as a result of the operation of Clause 6.2 (Unavailability of a currency)) or Letter of Credit; and

(d) made or to be made to the same Borrower for the purpose of:

(i) refinancing a maturing Loan; or

(ii) satisfying any demand made by the Fronting Bank through the Agent pursuant to a drawing under a Letter of Credit.

"Screen Rate" means:

(a) in relation to any amount to be advanced or owing in euro, the percentage rate per annum determined by the Banking Federation of the European Union for the relevant period; and

(b) in all other respects, the British Bankers Association Interest Settlement Rate for the relevant currency and period,

displayed on the appropriate page of the Reuters screen. If the agreed page is replaced or service ceases to be available, the Agent may specify another page or service displaying the appropriate rate in the Agent's reasonable discretion with the approval of the German Borrower (which approval shall not be unreasonably withheld or delayed) and after consultation with the Lenders.

"Secured Parties" means the Security Agent, the Agent, the Fronting Bank and each Lender from time to time party to this Agreement.

"Security" means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

"Security Document" means each of the documents delivered to the Agent listed in Section 4 of Schedule 2 (Conditions Precedent) together with any other document entered into by a Borrower or Kronos Denmark creating or expressed to create Security over all or any part of its assets in respect of the obligations of any of the Obligors under any of the Finance Documents.

"Senior Notes" means the senior secured notes issued or to be issued by the Parent the aggregate principal amount of which is not less than EUR 250,000,000 and which are due to mature no less than seven years from the date of issuance.

"Specified Time" means a time determined in accordance with Schedule 9 (Timetables).

"Structure Chart" means a chart showing the Parent and its Subsidiaries and any direct shareholders of any member of the Group and the relationship between all such entities.

"Subordination Agreement" means the subordination agreement entered into between the Security Agent, the Parent and the German Borrower.

"Subsidiary" means in relation to any company or corporation, a company or corporation:

(a) which is controlled, directly or indirectly, by the first mentioned company or corporation;

(b) more than half the issued share capital of which is beneficially owned, directly or indirectly by the first mentioned company or corporation; or

(c) which is a Subsidiary of another Subsidiary of the first mentioned company or corporation,

and for this purpose, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

"TARGET" means Trans-European Automated Real-time Gross Settlement Express Transfer payment system.

"TARGET Day" means any day on which TARGET is open for the settlement of payments in euro.

"Tax" means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

"Term" means, in relation to any Letter of Credit, the period from its Utilisation Date until its Expiry Date.

"Termination Date" means the date falling 36 Months after the date of this Agreement.

"Total Commitments" means the aggregate of the Commitments, being EUR 80,000,000 at the date of this Agreement.

"Transaction Security" means the Security created or expressed to be created in favour of the Security Agent and/or the Secured Parties pursuant to the Security Documents or this Agreement.

"Transfer Certificate" means a certificate substantially in one of the forms set out in Schedule 5 (Form of Transfer Certificate) or any other form agreed between the Agent and the German Borrower.

"Transfer Date" means, in relation to a transfer, the later of:

(a) the proposed Transfer Date specified in the Transfer Certificate; and

(b) the date on which the Agent executes the Transfer Certificate.

"Unpaid Sum" means any sum due and payable but unpaid by an Obligor under the Finance Documents.

"US GAAP" means generally accepted accounting principles in the United States of America.

"Utilisation" means a utilisation of the Facility, whether by way of Loan or Letter of Credit.

"Utilisation Date" means the date of a Utilisation, being the date on which a Loan is to be made or the relevant Letter of Credit is to be issued.

"Utilisation Request" means a notice substantially in the form set out in Schedule 3 (Utilisation Request).

1.2 Construction

(a) Unless a contrary indication appears, any reference in this Agreement to:

(i) the "Agent", the "Mandated Lead Arranger", the "Security Agent", any "Finance Party", any "Lender", the "Parent", any "Obligor" or any "Party" shall be construed so as to include its successors in title, permitted assigns and permitted transferees;

(ii) "assets" includes present and future properties, revenues and rights of every description;

(iii) the "European interbank market" means the interbank market for euro operating in Participating Member States;

(iv) a "Finance Document" or any other agreement or instrument is a reference to that Finance Document or other agreement or instrument as amended or novated;

(v) "indebtedness" includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

(vi) a Lender's "participation", in relation to a Letter of Credit, shall be construed as a reference to the rights and obligations of that Lender in relation to that Letter of Credit as are expressly set out in this Agreement;

(vii) a "person" includes any individual, person, firm, company, corporation, unincorporated organisation, government, state or agency of a state or any association, trust, joint venture or partnership (whether or not having separate legal personality) or two or more of the foregoing;

(viii) a "regulation" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;

(ix) a provision of law is a reference to that provision as amended or re-enacted; and

(x) a time of day is a reference to Luxembourg time.

(b) Section, Clause and Schedule headings are for ease of reference only.

(c) Unless a contrary indication appears, a term used in any other Finance Document or in any notice given under or in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.

(d) A Default (other than an Event of Default) is "continuing" if it has not been remedied or waived and an Event of Default is "continuing" if it has not been waived.

1.3 Currency Symbols and Definitions
"$" and "dollars" denote lawful currency of the United States of America, "(pound)" and "sterling" denote lawful currency of the United Kingdom, "NOK" and "kroner" denote lawful currency of Norway and "EUR" and "euro" means the single currency unit of the Participating Member States.

SECTION 2
THE FACILITY

2. The Facility

2.1 The Facility
Subject to the terms of this Agreement, the Lenders make available to the Borrowers a multicurrency revolving loan and letter of credit facility in an aggregate amount equal to the Total Commitments.

2.2 Finance Parties' rights and obligations

(a) The obligations of each Finance Party under the Finance Documents are several. Failure by a Finance Party to perform its obligations under the Finance Documents does not affect the obligations of any other Party under the Finance Documents. No Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents.

(b) The rights of each Finance Party under or in connection with the Finance Documents are separate and independent rights and any debt arising under the Finance Documents to a Finance Party from an Obligor shall be a separate and independent debt.

(c) A Finance Party may, except as otherwise stated in the Finance Documents, separately enforce its rights under the Finance Documents.

3. Purpose

3.1 Purpose
Each Borrower shall apply all amounts borrowed by it under the Facility towards (i) its general corporate purposes, being mainly its working capital requirements and (ii) refinancing its existing indebtedness (including, for the avoidance of doubt, any existing indebtedness which is owed by it to the Parent or any other member of the NL Group).

3.2 Monitoring
No Finance Party is bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

4. Conditions Of Utilisation

4.1 Initial conditions precedent
No Borrower may deliver a Utilisation Request unless the Agent has received all of the documents and other evidence listed in Schedule 2 (Conditions precedent) in form and substance satisfactory to the Agent, except for the evidence referred to in paragraph 3 (a) of Schedule 2, provided that such evidence must be received by the Agent no later than on the Utilisation Date and prior to the first Utilisation. The Agent shall notify the German Borrower and the Lenders promptly upon being so satisfied.

4.2 Further conditions precedent
The Lenders and the Fronting Bank will only be obliged to comply with Clause 5.4 (Lenders' and Fronting Bank participation) if on the date of the Utilisation Request and on the proposed Utilisation Date:

(a) no Default is continuing or would result from the proposed Loan or Letter of Credit, as the case may be; and

(b) the Repeating Representations to be made by each Obligor and Kronos Denmark are true in all material respects.

4.3 Conditions relating to Optional Currencies

(a) A currency will constitute an Optional Currency in relation to a Loan if:

(i) it is readily available in the amount required and freely convertible into the Base Currency in the Relevant Interbank Market on the Quotation Day and the Utilisation Date for that Loan; and

(ii) it is either (y) dollars or kroner or (z) some other currency that has been approved by the Agent (acting on the instructions of all the Lenders) on or prior to receipt by the Agent of the relevant Utilisation Request for that Loan.

(b) If the Agent has received a written request from a Borrower for a currency to be approved under paragraph (a)(ii) above, the Agent will confirm to that Borrower by the Specified Time:

(i) whether or not the Lenders have granted their approval; and

(ii) if approval has been granted, the minimum amount (and, if required, integral multiples) for any subsequent Utilisation in that currency.

4.4 Maximum number of Loans

(a) A Borrower may not deliver a Utilisation Request if as a result of the proposed Utilisation 8 or more Loans and/or 6 or more Letters of Credit would be outstanding.

(b) Any Loan made by a single Lender under Clause 6.2 (Unavailability of a currency) shall not be taken into account in this Clause 4.

SECTION 3
UTILISATION

5. Utilisation

5.1 Delivery of a Utilisation Request
A Borrower may utilise the Facility by delivery to the Agent of a duly completed Utilisation Request not later than the Specified Time.

5.2 Completion of a Utilisation Request

(a) Each Utilisation Request is irrevocable and will not be regarded as having been duly completed unless:

(i) the proposed Utilisation Date is a Business Day within the Availability Period;

(ii) the currency and amount of the Utilisation comply with Clause 5.3 (Currency and amount); and

(iii) the proposed Interest Period or Term, as the case may be, complies with Clause 13 (Interest Periods and Terms).

(b) Only one Loan or Letter of Credit may be requested in each Utilisation Request.

5.3 Currency and amount

(a) The currency specified in a Utilisation Request must be the Base Currency or, in the case of Loans only, an Optional Currency.

(b) The amount of the proposed Loan or Letter of Credit must be:

(i) (in respect of a Loan) if the currency selected is the Base Currency, a minimum of EUR 5,000,000 or, if less, the Available Facility; or

(ii) if the currency selected is dollars, a minimum of $ 5,000,000 or, if less, the Available Facility; or

(iii) if the currency selected is kroner, a minimum of NOK 50,000,000, or, if less, the Available Facility; or

(iv) if the currency selected is an Optional Currency other than dollars or kroner, the minimum amount (and, if required, integral multiple) specified by the Agent pursuant to paragraph (b)(ii) of Clause 4.3 (Conditions relating to Optional Currencies) or, if less, the Available Facility provided that the minimum amount so specified by the Agent does not materially exceed the minimum amount set out in sub-paragraphs (i) of paragraph (b) above;

(v) (in respect of a Letter of Credit) an amount which, when aggregated with the amount of Outstandings in respect of Letters of Credit at such time, does not exceed EUR 5,000,000; and

(vi) in any event such that its Base Currency Amount is less than or equal to the Available Facility.

5.4 Lenders' and Fronting Bank participation

(a) If the conditions set out in this Agreement have been met, (i) each Lender shall make its participation in each Loan available by the Utilisation Date through its Facility Office, and (ii) the Fronting Bank shall issue each Letter of Credit through its Facility Office.

(b) The amount of each Lender's participation in each Loan and each Letter of Credit will be equal to the proportion borne by its Available Commitment to the Available Facility immediately prior to making the Loan or issuing the Letter of Credit.

(c) The Agent shall determine the Base Currency Amount of each Loan which is to be made in an Optional Currency and shall notify each Lender of the amount, currency and the Base Currency Amount of each Loan and the amount of its participation in that Loan, in each case by the Specified Time.

6. Optional Currencies

6.1 Selection of currency
A Borrower shall select the currency of a Loan in a Utilisation Request.

6.2 Unavailability of a currency
If before the Specified Time on any Quotation Day:

(a) a Lender notifies the Agent that the Optional Currency (other than an Optional Currency which is dollars or kroner) requested is not readily available to it in the amount required; or

(b) a Lender notifies the Agent that compliance with its obligation to participate in a Loan in the proposed Optional Currency would contravene a law or regulation applicable to it,

the Agent will give notice to the relevant Borrower to that effect by the Specified Time on that day. In this event, any Lender that gives notice pursuant to this Clause 6.2 will be required to participate in the Loan in the Base Currency (in an amount equal to that Lender's proportion of the Base Currency Amount or, in respect of a Rollover Loan, an amount equal to that Lender's proportion of the Base Currency Amount of the maturing Loan that is due to be made) and its participation will be treated as a separate Loan denominated in the Base Currency during that Interest Period.

6.3 Participation in a Loan
Each Lender's participation in a Loan will be determined in accordance with paragraph (b) of Clause 5.4 (Lenders' and Fronting Bank participation).

7. Letters of Credit

7.1 Completion of Letters of Credit
The Fronting Bank is authorised to issue any Letter of Credit pursuant to Clause 5 (Utilisation) by:

(a) completing the issue date and the proposed Expiry Date of that Letter of Credit; and

(b) executing and delivering that Letter of Credit to the relevant recipient on the Utilisation Date.

7.2 Renewal of a Letter of Credit

(a) Not less than three Business Days before the Expiry Date of a Letter of Credit the Borrower may, by written notice to the Agent, request that the Term of that Letter of Credit be extended.

(b) The Finance Parties shall treat the request in the same way as a Utilisation Request for a Letter of Credit in the amount and maturity of the Letter of Credit (as to be extended).

(c) The terms of each renewed Letter of Credit shall be the same as those of the relevant Letter of Credit immediately prior to its renewal, save that its Term shall commence on the date which was the Expiry Date of that Letter of Credit immediately prior to its renewal and shall end on the proposed Expiry Date specified in the request.

(d) The Fronting Bank is authorised to amend any Letter of Credit pursuant to a request if the conditions set out in this Agreement have been complied with.

7.3 Restrictions on participation in Letters of Credit

If at any time prior to the issue of a Letter of Credit any Lender is prohibited by law or pursuant to any request from or requirement of any central bank or other fiscal, monetary or other authority from having any right or obligation under this Agreement in respect of a Letter of Credit, that Lender shall notify the Agent on or before the Business Day prior to the proposed Utilisation Date and:

(a) the maximum actual and contingent liabilities of the Fronting Bank under that Letter of Credit shall be reduced by an amount equal to an amount which would have been the amount of that Lender's L/C Proportion of that Letter of Credit if the prohibition had not occurred;

(b) the L/C Proportion of that Lender in relation to that Letter of Credit shall be nil; and

(c) that Lender's Available Commitment shall be reduced by an amount equal to an amount which would have been the amount of that Lender's L/C Proportion of the Letter of Credit if the prohibition had not occurred.

SECTION 4
REPAYMENT, PREPAYMENT AND CANCELLATION

8. Repayment

8.1 Repayment of Loans
Each Borrower which has drawn a Loan shall repay that Loan on the last day of its Interest Period.

9. Borrower's Liabilities In Relation To Letters Of Credit

9.1 Demands under Letters of Credit
If a demand is made under a Letter of Credit or the Fronting Bank incurs in connection with a Letter of Credit any other liability, cost, claim, loss or expense which is to be reimbursed pursuant to this Agreement, the Fronting Bank shall promptly notify the Agent of the amount of such demand or such liability, cost, claim, loss or expense and the Letter of Credit to which it relates and the Agent shall promptly make demand upon the relevant Borrower in accordance with this Agreement and notify the Lenders.

9.2 Borrowers' indemnity to Fronting Banks
The relevant Borrower shall irrevocably and unconditionally as a primary obligation indemnify (within three Business Days of demand of the Agent) the Fronting Bank at its request against:

(a) any sum paid or due and payable by the Fronting Bank under the Letter of Credit; and

(b) all liabilities, costs (including, without limitation, any costs incurred in funding any amount which falls due from the Fronting Bank under any Letter of Credit or in connection with any such Letter of Credit), claims, losses and out-of-pocket expenses which the Fronting Bank may at any time incur or sustain in connection with or arising out of any such Letter of Credit.

9.3 Borrowers' indemnity to Lenders
The relevant Borrower shall irrevocably and unconditionally as a primary obligation indemnify (within three Business Days of demand of the Agent) each Lender against:

(a) any sum paid or due and payable by that Lender (whether under Clause 32.1 (Lenders' Indemnity) or otherwise) in connection with that Letter of Credit; and

(b) all liabilities, costs (including, without limitation, any costs incurred in funding any amount which falls due from that Lender in connection with that Letter of Credit), claims, losses and expenses which that Lender may at any time incur or sustain in connection with any Letter of Credit.

9.4 Preservation of rights
Neither the obligations of the relevant Borrower set out in this Clause 9 nor the rights, powers and remedies conferred on the Fronting Bank or Lender by this Agreement or by law shall be discharged, impaired or otherwise affected by:

(a) the winding-up, dissolution, administration or re-organisation of the Fronting Bank, any Lender or any other person or any change in its status, function, control or ownership;

(b) any of the obligations of the Fronting Bank, any Lender or any other person under this Agreement or under any Letter of Credit or under

any other security taken in respect of its obligations under this Agreement or otherwise in connection with a Letter of Credit being or becoming illegal, invalid, unenforceable or ineffective in any respect;

(c) time or other indulgence being granted or agreed to be granted to the Fronting Bank, any Lender or any other person in respect of its obligations under this Agreement or under or in connection with a Letter of Credit or under any other security;

(d) any amendment to, or any variation, waiver or release of, any obligation of the Fronting Bank, any Lender or any other person under a Letter of Credit or this Agreement;

(e) any other act, event or omission which, but for this Clause 9, might operate to discharge, impair or otherwise affect any of the obligations of the relevant Borrower set out in this Clause 9 or any of the rights, powers or remedies conferred upon that Fronting Bank or any Lender by this Agreement or by law.

The obligations of the relevant Borrower set out in this Clause 9 shall be in addition to and independent of every other security which the Fronting Bank or any Lender may at any time hold in respect of the Borrower's obligations under this Agreement.

9.5 Settlement conditional

Any settlement or discharge between the relevant Borrower and the Fronting Bank or a Lender shall be conditional upon no security or payment to the Fronting Bank or Lender by the Borrower, or any other person on behalf of the Borrower, being avoided or reduced by virtue of any laws relating to bankruptcy, insolvency, liquidation or similar laws of general application and, if any such security or payment is so avoided or reduced, the Fronting Bank or Lender shall be entitled to recover the value or amount of such security or payment from the Borrower subsequently as if such settlement or discharge had not occurred.

9.6 Right to make payments under Letters of Credit

The Fronting Bank shall be entitled to make any payment in accordance with the terms of the relevant Letter of Credit without any reference to or further authority from the relevant Borrower or any other investigation or enquiry. The relevant Borrower irrevocably authorises the Fronting Bank to comply with any demand under a Letter of Credit which is valid on its face.

10. Prepayment And Cancellation

10.1 Illegality

If it becomes unlawful after the date of this Agreement in any applicable jurisdiction for a Lender or the Fronting Bank to perform any of its obligations as contemplated by this Agreement or to fund, issue or participate in any Loan or Letter of Credit and without prejudice to its rights and obligations under Clause 19 (Mitigation by the Lenders):

(a) that Lender or the Fronting Bank, as the case may be, shall promptly notify the Agent upon becoming aware of that event;

(b) upon the Agent notifying the German Borrower (on behalf of the Borrowers), the Commitment of that Lender will be immediately cancelled; and

(c) upon cancellation of such Lender's Commitment, each Borrower shall:

(i) repay that Lender's participation in the Loans made to that Borrower; and

(ii) ensure that the liabilities of that Lender or the Fronting Bank under or in respect of each Letter of Credit are reduced to zero or otherwise secured by providing Cash Collateral in an amount equal to such Lender's L/C Proportion of those Letters of Credit or the Fronting Bank's maximum actual and contingent liabilities under that Letter of Credit in the currency of those Letters of Credit

on the last day of the Interest Period for each Loan or Term for each Letter of Credit, as the case may be, outstanding as at the date upon which the Agent has so notified the German Borrower or, if earlier, the date specified by the Lender in the notice delivered to the Agent (being no earlier than the last day of any applicable grace period permitted by law).

10.2 Voluntary cancellation

(a) The German Borrower may, if it gives the Agent not less than ten (10) days' (or such shorter period as the Majority Lenders may agree) prior written notice, cancel the whole or any part (being a minimum amount of EUR 10,000,000) of the Available Facility. Any cancellation under this Clause 10.2 shall reduce the Commitments of the Lenders rateably.

(b) The relevant Borrower may give the Agent not less than ten Business Days' prior notice of its intention to procure that the Fronting Bank's liability under a Letter of Credit is reduced to zero (whereupon it shall do so)

10.3 Right of repayment and cancellation in relation to a single Lender

(a) If:

(i) any sum payable to any Lender or the Fronting Bank by an Obligor is required to be increased under Clause 16.2 (Tax gross-up); or

(ii) any Lender or the Fronting Bank claims indemnification from the Borrowers under Clause 16.3 (Tax indemnity) or Clause 17.1 (Increased costs); or

(iii) any Lender or Fronting Bank notifies the Agent of its Additional Cost Rate under paragraph 3 of Schedule 4 (Mandatory Cost formulae),

the German Borrower may, whilst (in the case of paragraphs (i) and (ii) above) the circumstance giving rise to the requirement or indemnification continues or (in the case of paragraph (iii) above) that the Additional Cost Rate is greater than zero, give the Agent notice:

(1) of cancellation of the Commitment of that Lender and its intention to procure the repayment of that Lender's participation in the Loans; or

(2) (if such circumstance relates to the Fronting Bank) of cancellation of the Letters of Credit or of the Borrower's intention to provide Cash Collateral in respect of the Fronting Bank's liability under such Letters of Credit.

(b) On receipt of a notice from the German Borrower referred to in paragraph (a) above, the Commitment of that Lender shall immediately be reduced to zero.

(c) On the last day of each Interest Period or Term, as the case may be, which ends after the German Borrower has given notice under paragraph (a) above (or, if earlier, the date specified by the German Borrower in that notice), each Borrower to which a Loan or Letter of Credit is outstanding shall repay that Lender's participation in that Loan and shall procure either that such Lender's L/C Proportion of each relevant Letter of Credit be reduced to zero (by reduction of the amount of that Letter of Credit in an amount equal to that Lender's L/C Proportion) or that Cash Collateral be provided to the Agent in an amount equal to such Lender's L/C Proportion of that Letter of Credit); and (if the circumstance relates to the Fronting Bank) the Borrower shall procure that the Fronting Bank's liability under any Letters of Credit issued by it shall either be reduced to zero or otherwise secured by the Borrower providing Cash Collateral in an amount equal to the Fronting Bank's maximum actual and contingent liabilities under those Letters of Credit.

10.4 Restrictions

(a) Any notice of cancellation or prepayment given by any Party under this Clause 10 shall be irrevocable and, unless a contrary indication appears in this Agreement, shall specify the date or dates upon which the relevant cancellation or prepayment is to be made and the amount of that cancellation or prepayment.

(b) Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid and, subject to any Break Costs, without premium or penalty.

(c) Unless a contrary indication appears in this Agreement, any part of the Facility which is prepaid may be reborrowed in accordance with the terms of this Agreement.

(d) The Borrowers shall not repay or prepay all or any part of the Outstandings or cancel all or any part of the Commitments except at the times and in the manner expressly provided for in this Agreement.

(e) No amount of the Total Commitments cancelled under this Agreement may be subsequently reinstated.

(f) If the Agent receives a notice under this Clause 10 it shall promptly forward a copy of that notice to either the German Borrower or the affected Lender, as appropriate.

SECTION 5
COSTS OF UTILISATIONS

11. Interest

11.1 Calculation of interest
The rate of interest on each Loan for each Interest Period is the percentage rate per annum which is the aggregate of the applicable:

(a) Margin;

(b) LIBOR or, in relation to any Loan in euro, EURIBOR; and

(c) Mandatory Cost, if any.

11.2 Payment of interest
The Borrower to which a Loan has been made shall pay accrued interest on that Loan on the last day of each Interest Period (and, if the Interest Period is longer than six Months, on the dates falling at six monthly intervals after the first day of the Interest Period).

12. Default Interest

12.1 Default interest periods
If any sum due and payable by an Obligor hereunder is not paid on the due date therefor in accordance with Clause 33.1 (Payments to the Agent) or if any sum due and payable by an Obligor under any judgment of any court in connection herewith is not paid on the date of such judgment, the period beginning on such due date or, as the case may be, the date of such judgment and ending on the date upon which the obligation of such Obligor to pay such sum is discharged shall be divided into successive periods, each of which (other than the first) shall start on the last day of the preceding such period and the duration of each of which shall (except as otherwise provided in this Clause 12) be selected by the Agent.

12.2 Default interest
An Unpaid Sum shall bear interest, or, insofar as it relates to unpaid interest, shall give rise to a claim for lump sum damages, during each Interest Period in respect thereof at the rate per annum which is one per cent. per annum above the percentage rate which would apply if it had been a Loan in the amount and currency of such Unpaid Sum and for the same Interest Period (provided that in the case of lump sum damages, the Obligor shall be free to prove that no damage has arisen or that damage has not arisen in the asserted amount, whereas in the case of lump sum damages and default interest the Finance Party shall be entitled to assert further damages), provided that if such Unpaid Sum relates to a Loan which became due and payable on a day other than the last day of an Interest Period relating thereto:

12.2.1 the first Interest Period applicable to such Unpaid Sum shall be of a duration equal to the unexpired portion of the current Interest Period relating to that Loan; and

12.2.2 the percentage rate of interest applicable thereto from time to time during such period shall be that which exceeds by one per cent. the rate which would have been applicable to it had it not so fallen due.

12.3 Payment of default interest
Any interest which shall have accrued under Clause 12.2 (Default Interest) in respect of an Unpaid Sum shall be due and payable and shall be paid by

the Obligor owing such Unpaid Sum on the last day of each Interest Period in respect thereof or on such other dates as the Agent may specify by notice to such Obligor.

12.4 Notification of rates of interest
The Agent shall promptly notify the Lenders and the relevant Borrower of the determination of a rate of interest under this Agreement.

13. Interest Periods and Terms

13.1 Selection of Interest Periods and Terms

(a) A Borrower may select an Interest Period for a Loan and a Term for a Letter of Credit in the Utilisation Request for that Loan or Letter of Credit, as the case may be.

(b) Subject to this Clause 13, a Borrower may select an Interest Period of one, two, three or six Months or any other period not exceeding twelve Months agreed between such Borrower and the Agent (acting on the instructions of all the Lenders).

(c) The Borrower may select a Term for a Letter of Credit of a period not exceeding twelve months, ending on or before the Termination Date.

(d) An Interest Period for a Loan and a Term for a Letter of Credit shall not extend beyond the Termination Date.

(e) Each Interest Period for a Loan and each Term for a Letter of Credit shall start on the Utilisation Date.

(f) A Loan has one Interest Period only.

13.2 Non-Business Days
If an Interest Period or Term would otherwise end on a day which is not a Business Day, that Interest Period or Term, as the case may be, will instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

14. Changes To The Calculation Of Interest

14.1 Absence of quotations
Subject to Clause 14.2 (Market disruption), if LIBOR or, if applicable, EURIBOR is to be determined by reference to the Reference Banks but a Reference Bank does not supply a quotation by the Specified Time on the Quotation Day, the applicable LIBOR or EURIBOR shall be determined on the basis of the quotations of the remaining Reference Banks.

14.2 Market disruption

(a) If a Market Disruption Event occurs in relation to a Loan for any Interest Period, then the rate of interest on each Lender's share of that Loan for the Interest Period shall be the rate per annum which is the sum of:

(i) the Margin;

(ii) the rate notified to the Agent by that Lender as soon as practicable and in any event before interest is due to be paid in respect of that Interest Period, to be that which expresses as a percentage rate per annum the cost to that Lender of

funding its participation in that Loan from whatever source it may reasonably select; and

(iii) the Mandatory Cost, if any, applicable to that Lender's participation in the Loan.

(b) In this Agreement "Market Disruption Event" means:

(i) at or about noon on the Quotation Day for the relevant Interest Period the Screen Rate is not available and none or only one of the Reference Banks supplies a rate to the Agent to determine LIBOR or, if applicable, EURIBOR for the relevant currency and Interest Period; or

(ii) before close of business in Luxembourg on the Quotation Day for the relevant Interest Period, the Agent receives notifications from a Lender or Lenders (whose participations in a Loan exceed 35 per cent. of that Loan) that the cost to it of obtaining matching deposits in the Relevant Interbank Market would be in excess of LIBOR or, if applicable, EURIBOR.

14.3 Alternative basis of interest or funding

(a) If a Market Disruption Event occurs and the Agent or the German Borrower so requires, the Agent and the German Borrower shall enter into negotiations (for a period of not more than thirty days) with a view to agreeing a substitute basis for determining the rate of interest.

(b) Any alternative basis agreed pursuant to paragraph (a) above shall, with the prior consent of all the Lenders and the German Borrower, be binding on all Parties.

14.4 Break Costs

Each Borrower shall, within three Business Days of demand by a Finance Party (which demand shall be accompanied by a certificate showing, in reasonable detail, the calculation of the Break Costs incurred by such Finance Party in respect of the relevant Interest Period), pay to that Finance Party its Break Costs attributable to all or any part of a Loan or Unpaid Sum being paid by that Borrower on a day other than the last day of an Interest Period for that Loan or Unpaid Sum.

15. Fees

15.1 Commitment fee

(a) Each of the Borrowers shall jointly and severally pay to the Agent (for the account of each Lender) a fee in the Base Currency computed at the rate of 0.75 per cent. per annum on that Lender's Available Commitment for the Availability Period, provided that the two Norwegian Borrowers shall only be liable to the extent which is permitted under the Norwegian Companies Act 1997 Section 8-7.

(b) The accrued commitment fee is payable on the last day of each successive period of three Months which ends during the Availability Period, on the last day of the Availability Period and, if cancelled in full, on the cancelled amount of the relevant Lender's Commitment at the time the cancellation is effective.

15.2 Utilisation fee

(a) If at any time the total amount of the Loans exceeds 66 per cent. of the Total Commitments then the Borrowers shall pay to the Agent (for the account of each Lender) a utilisation fee in the Base Currency computed at the rate of 0.25 per cent. per annum of the total amount of such Loans calculated on a daily basis.

(b) The fee referred to in sub-clause (a) above shall be payable jointly and severally by each of the Borrowers in the Base Currency on the last day of each successive period of three Months and on the Termination Date, provided that the two Norwegian Borrowers shall only be liable to the extent which is permitted under the Norwegian Companies Act 1997 Section 8-7.

15.3 Agency and security handling fee

Each of the Borrowers shall jointly and severally pay to Deutsche Bank Luxembourg S.A. for its own account in its capacity as Agent and Security Agent an agency and security handling fee in the amount and at the times agreed in a Fee Letter provided that the two Norwegian Borrowers shall only be liable to the extent which is permitted under the Norwegian Companies Act 1997 Section 8-7.

15.4 Letter of Credit Commission

(a) The relevant Borrower shall, in respect of each Letter of Credit, pay to the Agent (for the account of each Lender) (for distribution in proportion to each Lender's L/C Proportion of that Letter of Credit) a letter of credit commission at the L/C Commission Rate on the maximum actual and contingent liabilities of the Fronting Bank under the relevant Letter of Credit.

(b) The letter of credit commission shall be paid in advance in respect of each successive period of three Months (or such shorter period as shall end on the relevant Expiry Date) which begins during the Term of the relevant Letter of Credit, the first payment to be made on the Utilisation Date for that Letter of Credit and after that on the first day of each such period.

15.5 Fronting Bank Fee

The relevant Borrower shall, in respect of each Letter of Credit, pay to the Fronting Bank a fee in the amounts and at the times agreed between such Fronting Bank and the Borrower.

15.6 Arrangement and Participation Fee

Each of the Borrowers shall joinly and severally pay to Deutsche Bank AG for its own account in its capacity as Mandated Lead Arranger an arrangement and participation fee in the amount and at the times agreed in a Fee Letter, provided that the two Norwegian Borrowers shall only be liable to the extent which is permitted under the Norwegian Companies Act 1997 Section 8-7.

SECTION 6
ADDITIONAL PAYMENT OBLIGATIONS

16. Tax Gross Up And Indemnities

16.1 Definitions
In this Agreement:

"Qualifying Lender" means any Lender which is a bank or financial institution and which is incorporated or resident or acting out of a Facility Office in a member state of the European Union (but excluding the United Kingdom of Great Britain and Northern Ireland), provided that with regard to any Original Lender, Qualifying Lender means any Original Lender which is a bank or financial institution and is a resident for tax purposes in either Germany, Norway, Luxembourg or the Netherlands or is acting out of a Facility Office, registered with the Belgian Banking and Finance Commission, in Belgium.

16.2 Tax gross-up
All payments to be made by an Obligor to any Finance Party hereunder shall be made free and clear of and without deduction for or on account of Tax unless such Obligor is required to make such a payment subject to the deduction or withholding of Tax, in which case the sum payable by such Obligor (in respect of which such deduction or withholding is required to be made) shall be increased to the extent necessary to ensure that such Finance Party receives a sum net of any withholding or deduction equal to the sum which it would have received had no such deduction or withholding been made or required to be made.

16.3 Tax indemnity
Without prejudice to Clause 16.2 (Tax Gross-up), if any Finance Party is required to make any payment of or on account of Tax on or in relation to any sum received or receivable hereunder (including any sum deemed for the purposes of Tax to be received or receivable by such Finance Party whether or not actually received or receivable) or if any liability in respect of any such payment is asserted, imposed, levied or assessed against any Finance Party, the Borrowers shall, upon demand of the Agent, promptly indemnify the Finance Party which suffers a loss or liability as a result against such payment or liability together with any interest, penalties, costs and expenses payable or incurred in connection therewith, provided that this Clause 16.3 shall not apply to:

(a) any Tax imposed on and calculated by reference to the net income actually received or receivable by such Finance Party (but, for the avoidance of doubt, not including any sum deemed for purposes of Tax to be received or receivable by such Finance Party but not actually receivable) by the jurisdiction in which such Finance Party is incorporated; or

(b) any Tax imposed on and calculated by reference to the net income of the Facility Office of such Finance Party actually received or receivable by such Finance Party (but, for the avoidance of doubt, not including any sum deemed for purposes of Tax to be received or receivable by such Finance party but not actually receivable) by the jurisdiction in which its Facility Office is located.

16.4 Claims by Finance Parties
16.4.1.....A Finance Party intending to make a claim pursuant to Clause 16.3 (Tax indemnity) shall notify the Agent of the event giving rise to the claim, whereupon the Agent shall notify the Borrowers thereof.

16.4.2.....A Lender and each Obligor which makes a payment or would be required to make a payment under this Clause 16 (Tax Gross-Up and Indemnities) shall co-operate in completing any procedural formalities necessary for that Obligor to (i) obtain authorisation to make that payment without a deduction or withholding, and (ii) provide any relevant information which would be required by any relevant taxation authority from the Obligor or the Lender in order to justify a payment made without a deduction or withholding.

16.5 Notification of requirement to deduct Tax

If, at any time, an Obligor is required by law to make any deduction or withholding from any sum payable by it hereunder (or if thereafter there is any change in the rates at which or the manner in which such deductions or withholdings are calculated), such Obligor shall promptly notify the Agent.

16.6 Evidence of payment of Tax

If an Obligor makes any payment hereunder in respect of which it is required to make any deduction or withholding, it shall pay the full amount required to be deducted or withheld to the relevant taxation or other authority within the time allowed for such payment under applicable law and shall deliver to the Agent for each Lender, within sixty days after it has made such payment to the applicable authority, an original receipt (or a certified copy thereof) issued by such authority evidencing the payment to such authority of all amounts so required to be deducted or withheld in respect of that Lender's share of such payment.

16.7 Excluded Claims

If any Lender is not or ceases to be a Qualifying Lender, or if the circumstances set out in Clause 27.2(g) apply or if any Lender fails to cooperate as required under Clause 16.4.2, no Obligor shall be liable to pay to that Lender under Clause 16.2 (Tax gross-up) or Clause 16.3 (Tax indemnity) any amount in respect of Taxes asserted, assessed, levied or imposed in excess of the amount it would have been obliged to pay if that Lender had been or had not ceased to be a Qualifying Lender or had cooperated provided that this Clause 16.7 (Excluded claims) shall not apply (and each Obligor shall be obliged to comply with its obligations under Clause 16.2 (Tax gross-up) or Clause 16.3 (Tax indemnity)) if:

(a) after the date hereof and after the date when such Lender first becomes a Lender for the purposes of this Agreement, there shall have been any introduction of, change in, or change in the interpretation, administration or application of, any law or regulation or order or governmental rule or treaty or any published practice or published concession of any relevant tax authority and it is as a result thereof that such Lender was not or ceased to be a Qualifying Lender; or

(b) such Lender is not or ceases to be a Qualifying Lender but would have been or would not have ceased to be, a Qualifying Lender, had all representations, confirmations and other documents and information provided by each Obligor to any Finance Party been true and accurate.

16.8 Tax credit payment

If an additional payment is made under Clause 16 (Tax gross-up and indemnities) by an Obligor for the benefit of any Finance Party, including for the avoidance of doubt any payment in respect of any deduction or withholding, and such Finance Party, in its reasonable discretion, determines that it has obtained a credit against, a relief or remission for, or repayment of, any tax, then, if and to the extent that such Finance Party, in its sole opinion, determines that:

16.8.1.....such credit, relief, remission or repayment is in respect of or calculated with reference to the additional payment made pursuant to Clause 16 (Tax gross-up and indemnities); and

16.8.2.....its tax affairs for its year in respect of which such credit, relief, remission or repayment was obtained have been finally settled,

such Finance Party shall, to the extent that it can do so without prejudice to the retention of the amount of such credit, relief, remission or repayment, pay to such Obligor such amount as such Finance Party shall, in its reasonable opinion, determine to be the amount which will leave such Finance Party (after such payment) in no worse after-tax position than it would have been in had the additional payment in question not been required to be made by such Obligor.

16.9 Tax credit clawback

If any Finance Party makes any payment to an Obligor pursuant to Clause 16.8 (Tax credit payment) and such Finance Party subsequently determines, in its reasonable opinion, that the credit, relief, remission or repayment in respect of which such payment was made was not available or has been withdrawn or that it was unable to use such credit, relief, remission or repayment in full, such Obligor shall reimburse such Finance Party such amount as such Finance Party determines, in its reasonable opinion, is necessary to place it in the same after-tax position as it would have been in if such credit, relief, remission or repayment had been obtained and fully used and retained by such Finance Party.

16.10 Tax and other affairs

Subject to the provisions of Clause 19 (Mitigation by the Lenders) no provision of this Agreement shall interfere with the right of any Finance Party to arrange its tax or any other affairs in whatever manner it thinks fit, oblige any Finance Party to claim any credit, relief, remission or repayment in respect of any payment under Clause 16 (Tax gross-up and indemnities) in priority to any other credit, relief, remission or repayment available to it nor oblige any Finance Party to disclose any information relating to its tax or other affairs or any computations in respect thereof.

16.11 Stamp taxes

The Borrowers shall pay and, within three Business Days of demand, indemnify each Finance Party against any cost, loss or liability that Finance Party incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document.

16.12 Value added tax

(a) All consideration expressed to be payable under a Finance Document by any Party to a Finance Party shall be deemed to be exclusive of any VAT. If VAT is chargeable on any supply made by any Finance Party to any Party in connection with a Finance Document, that Party shall pay to the Finance Party (in addition to and at the same time as paying the consideration) an amount equal to the amount of the VAT.

(b) Where a Finance Document requires any Party to reimburse a Finance Party for any costs or expenses, that Party shall also at the same time pay and indemnify the Finance Party against all VAT incurred by the Finance Party in respect of the costs or expenses to the extent that the Finance Party reasonably determines that it is not entitled to credit or repayment of the VAT.

17. Increased Costs

17.1 Increased costs

(a) Subject to Clause 17.3 (Exceptions) the Borrowers shall, within three Business Days of a demand by the Agent, pay for the account of a Finance Party the amount of any Increased Costs incurred by that Finance Party or any of its Affiliates as a result of (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation or (ii) compliance with any law or regulation made after the date of this Agreement.

(b) In this Agreement "Increased Costs" means:

(i) a reduction in the rate of return from the Facility or on a Finance Party's (or its Affiliate's) overall capital;

(ii) an additional or increased cost; or

(iii) a reduction of any amount due and payable under any Finance Document,

which is incurred or suffered by a Finance Party or any of its Affiliates to the extent that it is attributable to that Finance Party having entered into its Commitment or funding or performing its obligations under any Finance Document or Letter of Credit.

17.2 Increased cost claims

(a) A Finance Party intending to make a claim pursuant to Clause 17.1 (Increased costs) shall notify the Agent of the event giving rise to the claim, following which the Agent shall promptly notify the Borrowers.

(b) Each Finance Party shall, as soon as practicable after a demand by the Agent, provide a certificate confirming the amount of and basis for its Increased Costs and showing in reasonable detail the calculation thereof.

In determining such Increased Costs, each Finance Party will act reasonably and in good faith and on a non-discretionary basis.

17.3 Exceptions

(a) Clause 17.1 (Increased costs) does not apply to the extent any Increased Cost is:

(i) attributable to a Tax Deduction required by law to be made by an Obligor;

(ii) compensated for by Clause 16.3 (Tax indemnity) (or would have been compensated for under Clause 16.3 (Tax indemnity) but was not so compensated solely because the exclusion in paragraphs (a) and (b) of Clause 16.3 (Tax indemnity) applied);

(iii) compensated for by the payment of the Mandatory Cost; or

(iv) attributable to the wilful breach by the relevant Finance Party or its Affiliates of any law or regulation.

(b) In this Clause 17.3, a reference to a "Tax Deduction" means any deduction or withholding for or on account of Tax from a payment under a Finance Document

18. Other Indemnities

18.1 Currency indemnity

(a) If any sum due from an Obligor under the Finance Documents (a "Sum"), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the "First Currency") in which that Sum is payable into another currency (the "Second Currency") for the purpose of:

(i) making or filing a claim or proof against that Obligor;

(ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

that Obligor shall as an independent obligation, within three Business Days of demand, indemnify each Finance Party to whom that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

(b) To the extent permitted by applicable law, each Obligor waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

18.2 Other indemnities
The Borrowers shall, within three Business Days of demand, indemnify each Finance Party against any cost, loss or liability incurred by that Finance Party as a result of:

(a) the occurrence of any Event of Default;

(b) a failure by an Obligor to pay any amount due under a Finance Document on its due date, including without limitation, any cost, loss or liability arising as a result of Clause 31 (Sharing among the Finance Parties);

(c) funding, or making arrangements to fund, its participation in a Loan requested by a Borrower in a Utilisation Request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by that Finance Party alone);

(d) issuing or making arrangements to issue a Letter of Credit requested by the Borrower in a Utilisation Request but not issued by reason of the operation of any one or more of the provisions of this Agreement; or

(e) a Loan (or part of a Loan) not being prepaid in accordance with a notice of prepayment given by a Borrower.

18.3 Indemnity to the Agent
The Borrowers shall promptly indemnify the Agent against any cost, loss or liability incurred by the Agent (acting reasonably) as a result of:

(a) investigating any event which it reasonably believes is a Default; or

(b) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised.

19. Mitigation By The Lenders

19.1 Mitigation

(a) Each Finance Party shall, in consultation with the relevant Borrower, take all reasonable steps to mitigate any circumstances which arise and which would result in any amount becoming payable under or pursuant to, or cancelled pursuant to, any of Clause 10.1 (Illegality), Clause 16 (Tax gross-up and indemnities), Clause 17 (Increased costs) or paragraph 3 of Schedule 4 (Mandatory Cost formulae) including (but not limited to) transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office or to another Lender which is willing to accept such transfer.

(b) Paragraph (a) above does not in any way limit the obligations of any Obligor under the Finance Documents.

19.2 Limitation of liability

(a) Prior to taking any of the steps referred to in Clause 19.1 (Mitigation) the relevant Finance Party will consult with the relevant Borrower and following a request from such Borrower will provide the relevant Borrower with an estimate of any costs and expenses which are likely to be incurred by it as a result of it taking such steps. The Borrower shall then be entitled to request that the relevant Finance Party does not take those steps.

(b) The relevant Borrower shall indemnify each Finance Party for all costs and expenses reasonably incurred by that Finance Party as a result of steps taken by it under Clause 19.1 (Mitigation).

(c) A Finance Party is not obliged to take any steps under Clause 19.1 (Mitigation) if, in the opinion of that Finance Party (acting reasonably), to do so might be prejudicial to it. The incurring of minor costs and expenses of an administrative nature will not be regarded as prejudicial to such Finance Party.

20. Costs And Expenses

20.1 Transaction expenses

Each of the Borrowers shall promptly on demand pay the Agent, the Mandated Lead Arranger and the Security Agent the amount of all reasonable out-of-pocket costs and expenses (including legal fees of outside counsel) reasonably incurred by any of them in connection with the negotiation, preparation, printing, execution and syndication and perfection of:

(a) this Agreement, the Security Documents and any other documents referred to in this Agreement and the Transaction Security; and

(b) any other Finance Documents executed after the date of this Agreement.

20.2 Amendment costs

If (a) an Obligor requests an amendment, waiver or consent or (b) an amendment is required pursuant to Clause 33.9 (Change of currency), each of the Borrowers shall, within three Business Days of demand, reimburse the Agent for the amount of all reasonable out-of-pocket costs and expenses (including reasonable legal fees of outside counsel) reasonably incurred by the Agent in responding to, evaluating, negotiating or complying with that request or requirement.

20.3 Enforcement costs

Each of the Borrowers shall, within three Business Days of demand, pay to each Secured Party and the Mandated Lead Arranger the amount of all reasonable out-of-pocket costs and expenses (including legal fees) reasonably incurred by that Secured Party or the Mandated Lead Arranger in connection with the enforcement of, or the preservation of any rights, powers and remedies under any Finance Document and the Transaction Security and any proceedings instituted by or against the Security Agent as a consequence of taking or holding the Transaction Security or enforcing those rights, powers and remedies.

20.4 Limitation

Notwithstanding anything to the contrary in any Finance Document, the Borrower shall not be obliged to pay any losses, costs or expenses under any Finance Document arising from or relating to disputes solely among the Agent and the Lenders, or losses, costs or expenses of the Agent or any Lender resulting from its gross negligence or wilful misconduct.

SECTION 7
GUARANTEE ON FIRST DEMAND (GARANTIE AUF ERSTES ANFORDERN)

21. Guarantee And Indemnity

21.1 Guarantee and indemnity
Each Guarantor irrevocably and unconditionally jointly and severally:

(a) guarantees (garantiert) to each Finance Party punctual performance by each Borrower of all that Borrower's obligations under the Finance Documents;

(b) undertakes with each Finance Party that whenever a Borrower does not pay any amount when due under or in connection with any Finance Document, that Guarantor shall immediately on demand pay that amount as if it was the principal obligor (Garantie auf erstes Anfordern); and

(c) indemnifies each Finance Party immediately on demand against any cost, loss or liability suffered by that Finance Party if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal. The amount of the cost, loss or liability shall be equal to the amount which that Finance Party would otherwise have been entitled to recover.

21.2 Continuing guarantee
This guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by any Obligor under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part.

21.3 Reinstatement
If any payment by an Obligor or any discharge given by a Finance Party (whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) is avoided or reduced as a result of insolvency or any similar event:

(a) the liability of each Obligor shall continue as if the payment, discharge, avoidance or reduction had not occurred; and

(b) each Finance Party shall be entitled to recover the value or amount of that security or payment from each Obligor, as if the payment, discharge, avoidance or reduction had not occurred.

21.4 Waiver of defences
The obligations of each Guarantor under this Clause 21 will not be affected by an act, omission, matter or thing which, but for this Clause, would reduce, release or prejudice any of its obligations under this Clause 21 (without limitation and whether or not known to it or any Finance Party) including:

(a) any time, waiver or consent granted to, or composition with, any Obligor or other person;

(b) the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;

(c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;

(d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor or any other person;

(e) any amendment (however fundamental) or replacement of a Finance Document or any other document or security;

(f) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security; or

(g) any insolvency or similar proceedings.

21.5 Immediate recourse

Each Guarantor waives any right it may have of first requiring any Finance Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from that Guarantor under this Clause 21. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

21.6 Appropriations

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full, each Finance Party (or any trustee or agent on its behalf) may after the occurrence of a Default:

(a) refrain from applying or enforcing any other moneys, security or rights held or received by that Finance Party (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and no Guarantor shall be entitled to the benefit of the same; and

(b) hold in an interest-bearing suspense account any moneys received from any Guarantor or on account of any Guarantor's liability under this Clause 21.

21.7 Deferral of Guarantors' rights

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full and unless the Agent otherwise directs, no Guarantor will exercise any rights which it may have by reason of performance by it of its obligations under the Finance Documents:

(a) to be indemnified by an Obligor;

(b) to claim any contribution from any other guarantor of any Obligor's obligations under the Finance Documents; and/or

(c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by any Finance Party.

21.8 Additional security

This guarantee is in addition to and is not in any way prejudiced by any other guarantee or security now or subsequently held by any Finance Party.

21.9 Guarantee Limitation Norway

Notwithstanding anything to the contrary contained in this Clause 21, the obligation of the Norwegian Guarantor under this Clause 21 in respect of the obligations of any Borrower other than a Norwegian Borrower shall be deemed to be granted and incurred by the Norwegian Guarantor only to the extent which is permitted under the Norwegian Companies Act 1997 Section 8-7.

SECTION 8
REPRESENTATIONS, UNDERTAKINGS AND EVENTS OF DEFAULT

22. Representations

Each Obligor and, in the case of Clauses 22.1 through 22.6, 22.8, 22.12, 22.17 through 22.19, Kronos Denmark makes the representations and warranties set out in this Clause 22 as to itself and its Subsidiaries (in each case to the extent applicable) to each Finance Party on the date of this Agreement.

22.1 Status

(a) It is a corporation, duly incorporated and validly existing under the law of its jurisdiction of incorporation.

(b) It and each of its Subsidiaries has the power to own its assets and carry on its business as it is being conducted.

22.2 Binding obligations
The obligations expressed to be assumed by it in each Finance Document to which it is a party are, subject to any general principles of law limiting its obligations which are specifically referred to in any legal opinion delivered pursuant to Clause 4 (Conditions of Utilisation), legal, valid, binding and enforceable obligations.

22.3 Non-conflict with other obligations
The entry into and performance by it of, and the transactions contemplated by, the Finance Documents to which it is a party and the granting of the Security under the Security Documents to which it is a party do not and will not conflict with:

(a) any law or regulation applicable to it;

(b) its and each of its Subsidiaries' constitutional documents; or

(c) any agreement or instrument binding upon it or any of its Subsidiaries or any of its or any of its Subsidiaries' assets the violation of which would reasonably be expected to have a Material Adverse Effect.

22.4 Power and authority
It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Finance Documents to which it is a party and the transactions contemplated by those Finance Documents.

22.5 Validity and admissibility in evidence
All Authorisations required or desirable:

(a) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Finance Documents to which it is a party; and

(b) to make the Finance Documents to which it is a party admissible in evidence in each Relevant Jurisdiction,

have been obtained or effected and are in full force and effect.

22.6 Governing law and enforcement

(a) Subject to any general principles of law affecting the choice of the governing law which are specifically referred to in any legal opinion delivered pursuant to Clause 4 (Conditions of Utilisation), the choice of the governing law specified in each of the Finance Documents to which it is a party will be recognised and enforced in each Relevant Jurisdiction.

(b) Subject to any general principles of law affecting the recognition and enforcement of judgments which are specifically referred to in any legal opinion delivered pursuant to Clause 4 (Conditions of Utilisation), any judgment obtained in Germany in relation to a Finance Document to which it is a party will be recognised and enforced in each Relevant Jurisdiction.

22.7 Deduction of Tax
Subject to the Legal Reservations, it is not required under the law of each Relevant Jurisdiction to make any deduction for or on account of Tax from any payment it may make under any Finance Document.

22.8 No filing or stamp taxes
Under the law of each Relevant Jurisdiction it is not necessary that the Finance Documents to which it is a party be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration or similar tax be paid on or in relation to the Finance Documents to which it is a party or the transactions contemplated by such Finance Documents except for Belgian stamp duties of EUR 0.15 payable on any loan or credit agreement and any pledge agreement executed in Belgium, subject to the conditions of the Belgian Stamp Duties Code (Wetboek Zegelrechten) of 26 June 1947 and Belgian registration, stamp and other duties payable in respect of any Belgian law floating charge.

22.9 No default

(a) No Default is continuing or would reasonably be expected to result from the making of any Utilisation.

(b) No other event or circumstance is outstanding which constitutes a default under any other agreement or instrument which is binding on it or any of its Subsidiaries or to which its (or its Subsidiaries') assets are subject which would reasonably be expected to have a Material Adverse Effect.

22.10 No misleading information

(a) Any factual information heretofore or contemporaneously furnished by or on behalf of the Parent or any member of the Group in writing to any Finance Party (including, without limitation, any information contained in the Information Memorandum) (other than the projections as to which paragraph (b) below applies) for purposes of or in connection with the Finance Documents or any transaction contemplated therein is true and accurate in all material respects on the date as of which such information is dated or certified and not incomplete by omitting to state any fact necessary to make such information not misleading in any material respect at such time.

(b) The financial projections contained in the Information Memorandum have been prepared on the basis of recent historical information and on the basis of reasonable assumptions.

22.11 Financial statements

(a) Its Original Financial Statements were prepared in accordance with Applicable GAAP consistently applied.

(b) Its Original Financial Statements fairly represent its financial condition and operations (consolidated in the case of the Norwegian Guarantor) during the relevant financial year.

(c) There has been no material adverse change in the business, assets or financial condition of the German Borrower, the Belgian Borrower or the Group taken as a whole since the date of the Original Financial Statements.

22.12 Pari passu ranking

Save as provided in Clause 22.17 (Ranking), its payment obligations under the Finance Documents to which it is a party rank at least pari passu with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

22.13 No proceedings pending or threatened

No litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which, if adversely determined, would reasonably be expected to have a Material Adverse Effect have been started or (to the best of its knowledge and belief) threatened in writing against it or any of its Subsidiaries.

22.14 Environmental compliance

Each member of the Group has performed and observed in all material respects all Environmental Law, Environmental Permits and all other material covenants, conditions, restrictions or agreements directly or indirectly concerned with any contamination, pollution or waste or the release or discharge of any toxic or hazardous substance in connection with any real property which is or was at any time owned, leased or occupied by any member of the Group or on which any member of the Group has conducted any activity where failure to do so would reasonably be expected to have a Material Adverse Effect.

22.15 Environmental Claims

No Environmental Claim has been commenced or (to the best of its knowledge and belief) is threatened in writing against any member of the Group where that claim would be reasonably likely, if determined against that member of the Group, to have a Material Adverse Effect.

22.16 No Security

No Security exists over all or any of the present or future assets of any Obligor other than any Security permitted under Clause 25.3 (Negative pledge).

22.17 Ranking

Subject to the Legal Reservations, each Security Document to which it is a party has or will have first ranking priority and it is not subject to any prior ranking or pari passu ranking Security.

22.18 Transaction Security

Subject to the Legal Reservations, each Security Document to which it is a party validly creates the Security which is expressed to be created by that Security Document and evidences the Security it is expressed to evidence.

22.19 Legal and beneficial owner

It is the absolute legal and beneficial owner of the assets subject to the Transaction Security created or expressed to be created pursuant to the Security Documents to which it is a party.

22.20 No winding-up

None of the events described in Clause 26.6 (Insolvency) and Clause 26.7 (Insolvency proceedings) have occurred in relation to any Obligor.

22.21 Structure Chart

The Structure Chart dated June 2002 provided by the Obligors prior to the date of this Agreement is true, complete and accurate in all material respects as at the date hereof and nothing has occurred or been omitted as at the date hereof that renders the information contained in the Structure Chart untrue or misleading in any material respect.

22.22 Repetition

The Repeating Representations are to be made by each Obligor and Kronos Denmark by reference to the facts and circumstances then existing on the date of each Utilisation Request and the first day of each Interest Period by delivery of a Certificate to that effect.

23. Information Undertakings

The undertakings in this Clause 23 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

23.1 Financial statements of the Obligors

(a) Each Obligor shall supply to the Agent in sufficient copies for all the Lenders as soon as the same become available, but in any event within 150 days after the end of each of its financial years (i) its audited consolidated financial statements for that financial year (if any) and (ii) its audited unconsolidated financial statements for that financial year.

(b) Any financial statements to be delivered pursuant to paragraph (a) above shall (i) be prepared using Applicable GAAP, (ii) be certified by the Chief Executive Officer and/or the Chief Financial Officer (or equivalent position) of the relevant Obligor, together with one of its authorised signatories, as fairly representing its financial condition as at the date as at which those financial statements were drawn up and (iii) be certified by the relevant Obligor's external auditors.

23.2 Financial statements of the Parent

(a) The Borrowers shall supply to the Agent in sufficient copies for all the Lenders:

(i) as soon as the same become available, but in any event within 100 days after the end of each financial year of the Parent the audited consolidated financial statements of the Parent for that financial year; and

(ii) as soon as the same become available, but in any event within 55 days after the end of each quarter of each financial year of the Parent the unaudited consolidated financial statements of the Parent for that period.

(b) Any financial statements to be delivered pursuant to paragraph (a) above shall be prepared using Applicable GAAP.

23.3 Combining financial information

(a) The Borrowers shall supply to the Agent in sufficient copies for all the Lenders:

(i) as soon as they become available, but in any event within 120 days after the end of each financial year of the Parent an unaudited Combining Schedule for that financial year;

(ii) as soon as they become available, but in any event within 60 days after the end of each quarter of each financial year of the Parent, an unaudited Combining Schedule for the period as of the beginning of the financial year and ending on such quarter.

(b) Each of the Obligors shall procure that each of the Combining Schedules delivered pursuant to paragraph (a) above are prepared by the Parent and the Obligors using US GAAP.

(c) Any Combining Schedule to be delivered pursuant to paragraph (a) above shall (i) be prepared using US GAAP, (ii) be certified by the Chief Executive Officer and/or Chief Financial Officer (or equivalent position) of the Parent, together with one of its authorised signatories, as fairly representing the financial condition of the Group as at the date as at which those Combining Schedules were drawn up and (iii) in the case of the Combining Schedule to be delivered pursuant to Clause 23.3(a)(i) above, be accompanied by a report from the Parent's external auditors in the form of Schedule 13 (Form of Auditor's Report).

23.4 Compliance Certificate

(a) The Borrowers shall supply to the Agent, with each Combining Schedule delivered pursuant to paragraphs (a) and (b) of Clause 23.3 (Combining financial information), a Compliance Certificate setting out (in reasonable detail) computations as to compliance with Clause 24 (Financial covenants) as at the date as at which those Combining Schedules were prepared.

(b) Each Compliance Certificate shall be signed by the Chief Executive and/or Chief Financial Officer (or equivalent position), together with one authorised signatory of the German Borrower, who in each case will sign on behalf of all Borrowers which hereby authorise the aforementioned persons to do so, and, (in the case of a Compliance Certificate delivered pursuant to Clause 23.3 (a) (i)), accompanied by a letter from the Parent's external auditors in the form set out in part II of Schedule 6 (Form of Compliance Certificate).

23.5 Information: miscellaneous

The Obligors shall (through the German Borrower) supply to the Agent (in sufficient copies for all the Lenders, if the Agent so requests):

(a) all documents dispatched by any of the Obligors or the Parent to its creditors generally at the same time as they are dispatched;

(b) promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings which are current, threatened or pending against any member of the Group, and which, if adversely determined, would reasonably be expected to have a Material Adverse Effect; and

(c) promptly, such further information regarding the financial condition, business and operations of any member of the Group as any Finance Party (through the Agent) may reasonably request.

23.6 Notification of default

(a) Each Obligor shall notify the Agent of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence (unless that Obligor is aware that a notification has already been provided by another Obligor).

(b) Promptly upon a request by the Agent, the Borrower shall supply to the Agent a certificate signed by two of its directors or senior officers on its behalf certifying that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it).

24. Financial Covenants

24.1 Financial definitions
In this Clause 24:

"EBIT" means, for any Relevant Period the income of the Group before Net Interest for such period and before any provision on account of taxation.

"EBITDA" means, for any Relevant Period EBIT before any amount attributable to the amortisation of intangible assets and depreciation of tangible assets.

"Financial Quarter" means the period commencing on the day after one Quarter Date and ending on the next Quarter Date.

"Net Interest" means in respect of any Relevant Period, the aggregate amount of the interest (including the interest element of leasing and hire purchase payments and capitalised interest), commission, fees, discounts and other finance payments payable by any member of the Group on a Combining Schedule (including any commission, fees, discounts and other finance payments payable by any member of the Group under any interest rate hedging arrangement but deducting any commission, fees, discounts and other finance payments receivable by any member of the Group under any interest rate hedging instrument) but deducting any other interest receivable by any member of the Group on any deposit or bank account.

"Net Secured Debt" means at any time the aggregate amount of all obligations of the Group for or in respect of Financial Indebtedness which is secured by any Security (and so that no amount shall be included more than once).

"Quarter Date" means each of 31 March, 30 June, 30 September and 31 December.

"Relevant Period" means each period of twelve months ending on the last day of the Group's financial year and each period of twelve months ending on the last day of each of the first, second and third Financial Quarter of the Group's financial year.

"Rolling Basis" means the calculation of a ratio or an amount made at the end of a Financial Quarter in respect of that Financial Quarter and each of the preceding three Financial Quarters.

24.2 Financial condition
Each Borrower shall ensure that:

(a) The ratio of (i) Net Secured Debt of the Group at the end of the applicable Relevant Period to (ii) the amount equal to EBITDA of the Group less any Restricted Payments made by the Group, in both cases during the applicable Relevant Period, calculated on a Rolling Basis, shall not in respect of any Relevant Period be more than 1.5:1.

(b) The ratio of (i) the amount equal to EBITDA of the Group less any Restricted Payments made by the Group, in both cases during the applicable Relevant Period to (ii) Net Interest of the Group during the Applicable Relevant Period, calculated on a Rolling Basis, in respect of any Relevant Period shall be greater than 8:1.

24.3 Financial testing

The financial covenants set out in Clause 24.2 (Financial condition) shall be tested quarterly in accordance with US GAAP by reference to each of the Combining Schedules as evidenced by each Compliance Certificate delivered pursuant to Clause 23.4 (Compliance certificate).

25. General Undertakings

The undertakings in this Clause 25 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

25.1 Authorisations

Each Obligor shall promptly:

(a) obtain, comply with and do all that is necessary to maintain in full force and effect; and

(b) supply certified copies to the Agent of,

any Authorisation required under any law or regulation of the Relevant Jurisdictions to enable it to perform its obligations under the Finance Documents to which it is a party and to ensure the legality, validity, enforceability or admissibility in evidence in each Relevant Jurisdiction of incorporation of any Finance Document.

25.2 Compliance with laws

Each Obligor shall comply in all material respects with all laws to which it may be subject, if failure so to comply would materially impair its ability to perform its obligations under the Finance Documents.

25.3 Negative pledge

(a) No Obligor shall (and each Obligor shall ensure that none of its Subsidiaries will) create or permit to subsist any Security over any of its assets.

(b) No Obligor shall (and each Obligors shall ensure that no of its Subsidiaries will):

(i) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by an Obligor or any other member of the Group;

(ii) sell, transfer or otherwise dispose of any of its receivables on recourse terms other than to the German Borrower and where such transaction is not otherwise prohibited by this Agreement;

(iii) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or

(iv) enter into any other preferential arrangement having a similar effect,

in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset.

(c) Paragraphs (a) and (b) above do not apply to:

(i) any Security listed in Schedule 7 (Existing Security) (including any Security which has been Refinanced provided that the assets subject to such Security have not materially changed in any way) except to the extent the principal amount secured by that Security exceeds the amount stated in that Schedule;

(ii) any netting or set-off arrangement entered into by any member of the Group in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances;

(iii) any Security entered into in the ordinary course of business under customary general business conditions;

(iv) any lien arising by operation of law or regulatory requirement and in the ordinary course of business and not as a result of a default howsoever described;

(v) any Security arising by operation of law in favour of any government, state or local authority in respect of Taxes which are either (a) not yet due and unpaid or (b) being contested in good faith by appropriate proceedings and for which adequate reserves have been made;

(vi) any Security over or affecting any asset acquired by a member of the Group after the date of this Agreement if:

(1) the Security was not created in contemplation of the acquisition of that asset by a member of the Group; and

(2) the principal amount secured has not been increased in contemplation of, or since the acquisition of that asset by a member of the Group;

(vii) any Security over or affecting any asset of any company which becomes a member of the Group after the date of this Agreement, where the Security is created prior to the date on which that company becomes a member of the Group, if:

(1) the Security was not created in contemplation of the acquisition of that company; and

(2) the principal amount secured has not increased in contemplation of or since the acquisition of that company;

(viii) the Transaction Security;

(ix) any Security which has been approved in writing by the Majority Lenders;

(x) any Security incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, including any Security securing letters of credit issued in the ordinary course of business in accordance with past practice;

(xi) any Security over assets of the Norwegian Borrower 2 acquired with Financial Indebtedness permitted under paragraph (k) of the definition of Permitted Financial Indebtedness provided that such Security is removed upon the full discharge of the relevant Permitted Financial Indebtedness incurred to finance the payment of the purchase price for such asset; or

(xii) any Security securing indebtedness the principal amount of which (when aggregated with the principal amount of any other indebtedness which has the benefit of Security given by any member of the Group other than any permitted under paragraphs (i) to (ix) above) does not exceed EUR 5,000,000 its equivalent in another currency or currencies).

25.4 Disposals

(a) No Obligor shall (and each Obligor shall ensure that none of its Subsidiaries will), enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset.

(b) Paragraph (a) above does not apply to any sale, lease, transfer or other disposal:

(i) which is made on arm's length terms and for fair market value in the ordinary course of trading or business of the disposing entity;

(ii) of assets which are obsolete;

(iii) which is made from any Obligor to another Obligor;

(iv) which is made from any Obligor to a wholly-owned subsidiary being a member of the Group which is not an Obligor, provided that the fair market value of the assets to be disposed of does not, when aggregated with the fair market value of all other assets disposed of pursuant to this paragraph (b)(iv) exceed EUR 5,000,000 (or its equivalent in any other currency or currencies);

(v) of assets in exchange for other assets comparable or superior as to type, value and quality;

(vi) which is a Permitted Affiliate Transaction;

(vii) made in connection with the granting of a non-exclusive licence to use any Intellectual Property owned by members of the Group provided that any such licences do not prohibit any of the member of the Group from using any Intellectual Property which is material to its business;

(viii) made with the prior written consent of the Majority Lenders;

(ix) of non-core assets which is made on arm's length terms and for fair market value provided that the consideration receivable (when aggregated with the consideration receivable for any other sale, lease, transfer or other disposal, other than any permitted under paragraphs (i) to (viii) above) does not exceed EUR 10,000,000 (or its equivalent in another currency or currencies) in any financial year;

(x) of cash other than by way of a payment to any member of the Group which is not an Obligor as equity payment, it being understood, however, that payments to Unterstutzungskasse Kronos Titan GmbH up to an aggregate amount of EUR 1,000,000 (or its equivalent in another currency or currencies) shall be permitted, and provided that such disposal is not otherwise prohibited by this Agreement; and

(xi) of Cash Equivalent Investments on arms' length terms.

25.5 Disposals of Plant

No Obligor shall sell, lease, transfer or otherwise dispose of its respective manufacturing plant at Langerbrugge, Leverkusen, Nordenham and Frederikstad to any other Obligor unless it has received the prior written consent of the Majority Lenders.

25.6 Indebtedness

Each Obligor shall ensure that neither it nor any of its Subsidiaries shall incur or permit to subsist any Financial Indebtedness other than Permitted Financial Indebtedness.

25.7 Merger

No Obligor shall (and each Obligor shall ensure that none of its Subsidiaries will) enter into any amalgamation, demerger, merger or corporate reconstruction other than (a) a solvent reorganisation between members of the Group (other than any Obligor), (b) a solvent reorganisation between members of the Group and a Borrower provided that the Borrower is the surviving entity and (c) the solvent conversion (formwechselnde Umwandlung) of the German Borrower from a GmbH & Co. OHG into a GmbH (Gesellschaft mit beschrankter Haftung) pursuant to the Transformation Act (Umwandlungsgesetz).

25.8 Change of business

The Obligors shall procure that no substantial change is made to the general nature of the business of any of the Borrowers or the Group from that carried on at the date of this Agreement and that there shall be no cessation of any substantial part of such business.

25.9 Insurance

Each Obligor shall (and each Obligor shall ensure that each of its Subsidiaries will) maintain insurances on and in relation to its business and assets with reputable underwriters or insurance companies against those risks and to the extent as is usual for companies carrying on the same or substantially similar business.

25.10 Environmental compliance

Each Obligor (and each Obligor shall ensure that each of its Subsidiaries will) comply in all material respects with all Environmental Laws and obtain and maintain any Environmental Permits and take all reasonable steps in anticipation of known or expected future changes to or obligations under the same where failure to do so would reasonably be expected to have a Material Adverse Effect.

25.11 Environmental Claims

The Obligors shall inform the Agent in writing as soon as reasonably practicable upon becoming aware of the same:

(a) if any Environmental Claim has been commenced or is threatened in writing against any member of the Group; or

(b) of any facts or circumstances which will or are reasonably likely to result in any Environmental Claim being commenced or threatened against any member of the Group,

where the claim would be reasonably likely, if determined against that member of the Group, to have a Material Adverse Effect.

25.12 Acquisition

No Obligor shall (and each Obligor shall ensure that none of its Subsidiaries will):

(a) purchase, subscribe for or otherwise acquire any shares (or other securities (but excluding Cash Equivalent Investments) or interests) in, or incorporate, any other company, including any additional shares or other interests in any member of the Group who is not an Obligor but excluding Unterstutzungskasse Kronos Titan GmbH or agree to do any of the foregoing; or

(b) purchase or otherwise acquire all or substantially all of the assets of a company or a business unit or agree to do so; or

(c) form, or enter into, any partnership, consortium, joint venture or other like arrangement or agree to do so,

in each case other than: (i) any such investment made between two or more Obligors, or (ii) if the aggregate amount of any such investments made by members of the Group would not exceed EUR 5,000,000 (or its equivalent in another currency or currencies, as measured at the time of such investment).

This Clause 25.12 does not apply to any acquisitions resulting from settlements or compromises of accounts receivable or trade payables, acquisitions in securities of trade creditors or customers received pursuant to any plan of reorganisation or similar arrangement upon the bankruptcy or insolvency of such trade creditors or customers or in good faith settlements of delinquent obligations of such trade creditors or customers, in each case in the ordinary course of business and provided that the aggregate face value of accounts receivables and/or trade payables and/or delinquent obligations shall in aggregate not exceed EUR 5,000,000 (or its equivalent in another currency or currencies).

25.13 Pari passu

Each Obligor shall ensure that at all times the claims of the Finance Parties against it under this Agreement rank at least pari passu with the claims of all of its other unsecured and unsubordinated creditors save those whose claims are preferred solely by any bankruptcy, insolvency, liquidation or other similar laws of general application.

25.14 Loans and Guarantees

No Obligor shall (and each Obligor shall ensure that none of its Subsidiaries will) make any loans or grant any credit (in each case of the type described in paragraphs (a), (c) and (f) of the definition of Financial Indebtedness) or give any guarantee or indemnity to or for the

benefit of any person (including, for the avoidance of doubt, any member of the NL Group) or otherwise voluntarily assume any liability, whether actual or contingent, in respect of any obligation of any person other than Permitted Loans and Guarantees and, as long as no Default has occurred which is continuing or would occur as a result of making such loan, granting such credit or giving such guarantee or indemnity or assuming such liability, Restricted Payments and Permitted Obligor Loans.

25.15 Transactions with members of the NL Group

No Obligor shall (and each Obligor shall ensure that none of its Subsidiaries will) enter into any transaction with a member of the NL Group unless such transaction is (i) a Permitted Affiliate Transaction, (ii) concluded on arm's length terms and for fair market value, or (iii) with regard to the payment of cash and as long as no Default has occurred which is continuing or would occur as a result of such transaction, a Restricted Payment or a Permitted Obligor Loan.

25.16 Profit and loss transfer agreements

No Obligor shall (and each Obligor shall ensure that none of its Subsidiaries will) enter into a profit and loss transfer agreement (Ergebnis abfuhrungsvertrag), any partnership agreements (stille Beteiligungen), any other intercompany agreement (Unternehmensvertrag) or any other similar arrangement resulting in any person not being a member of the Group being entitled to share in the profits of any member of the Group or being entitled to exercise control over any member of the Group provided that in the event that the German Borrower changes its legal status into a limited liability company (Gesellschaft mit beschrankter Haftung) it shall be permitted to enter into a profit and loss transfer agreement with the Parent for the purpose of sharing Taxes.

25.17 Intellectual Property

Each Obligor shall (and the Obligors shall ensure that each of its Subsidiaries will):

(a) observe and comply with all material obligations and laws to which it in its capacity as registered proprietor, beneficial owner, user, licensor or licensee of the Intellectual Property required to conduct its business or any part of it is subject where failure to do so would reasonably be expected to have a Material Adverse Effect;

(b) do all acts as are necessary to maintain, protect and safeguard such Intellectual Property where failure to do so would reasonably be expected to have a Material Adverse Effect and not discontinue the use of any of such Intellectual Property nor allow it to be used in such a way that it is put at risk by becoming generic or by being identified as disreputable if in each case to do so would reasonably be expected to have a Material Adverse Effect; and

(c) (save where a licence is granted to terminate or prevent litigation) not after the date of this Agreement grant any licence to any person to use the Intellectual Property required to conduct the business of any member of the Group if to do so would reasonably be expected to have a Material Adverse Effect.

25.18 Compliance with Material Contracts

Each Obligor shall (and each Obligor shall ensure that each of its Subsidiaries will):

(a) comply in all material respects with its obligations under each Material Contract to which it is party and take all action necessary to ensure the continued validity and enforceability of its rights thereunder;

(b) not amend, vary, novate or supplement any such Material Contract in any material respect;

(c) not terminate, revoke, transfer, assign or otherwise dispose of its rights and obligations under any such Material Contract during the term of this Agreement,

if such non-compliance, failure to take action, amendment, variation, novation, supplement, termination, revocation, transfer, assignment or other disposal, as the case may be, would be reasonably expected to have a Material Adverse Effect.

26. Events Of Default

Each of the events or circumstances set out in Clause 26 is an Event of Default.

26.1 Non-payment
An Obligor or Kronos Denmark does not pay on the due date any amount due and payable pursuant to a Finance Document to which it is a party at the place at and in the currency in which it is expressed to be payable unless:

(a) in the case of principal or interest due under a Finance Document, its failure to pay is caused by administrative or technical error and payment is made within 3 Business Days of its due date; and

(b) in the case of any amount due under a Finance Document other than principal or interest, payment is made within 3 Business Days after written notice of such non-payment has been given to the German Borrower.

26.2 Financial covenants
Any requirement of Clause 24 (Financial covenants) is not satisfied.

26.3 Other obligations

(a) An Obligor or Kronos Denmark does not comply with any provision of the Finance Documents to which it is a party (other than those referred to in Clause 26.1 (Non-payment) and Clause 26.2 (Financial covenants)).

(b) No Event of Default under paragraph (a) above will occur if such breach is capable of remedy and is remedied within thirty (30) days.

26.4 Misrepresentation

(a) Any representation or statement made by an Obligor or Kronos Denmark in the Finance Documents or any other document delivered by or on behalf of any Obligor or Kronos Denmark under or in connection with any Finance Document is or proves to have been incorrect or misleading in any material respect when made.

(b) No Event of Default under paragraph (a) above will occur if such misrepresentation is capable of remedy and is remedied within 15 Business Days.

26.5 Cross default

(a) Any Financial Indebtedness of the Parent or any member of the Group is not paid at maturity, whether by acceleration or otherwise.

(b) Any Financial Indebtedness of the Parent or any member of the Group is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).

(c) Any commitment for any Financial Indebtedness of the Parent or any member of the Group is cancelled or suspended by a creditor of the Parent or any member of the Group as a result of an event of default (however described).

(d) Any creditor of the Parent or any member of the Group becomes entitled to declare any Financial Indebtedness of the Parent or any member of the Group due and payable prior to its specified maturity as a result of an event of default (however described).

(e) No Event of Default will occur under this Clause 26.5 if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (a) to (d) above is less than EUR 5,000,000 (or its equivalent in any other currency or currencies).

26.6 Insolvency

(a) Any Obligor, Material Subsidiary or the Parent is unable or admits inability to pay its debts which have fallen due or its debts which will fall due in the future, suspends making payments on any of its debts or, in the case of the German Borrower or any Material Subsidiary whose jurisdiction of incorporation is Germany, is overindebted (Uberschuldung).

(b) A moratorium is declared in respect of any indebtedness of any Obligor, Material Subsidiary or the Parent in excess of EUR 5,000,000.

26.7 Insolvency proceedings
Any corporate action, legal proceedings or other procedure or step is taken in relation to:

(a) the suspension of payments, the opening of insolvency proceedings, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any Obligor, Material Subsidiary or the Parent other than a solvent liquidation or reorganisation of any member of the Group which is not an Obligor;

(b) a composition, assignment or arrangement with any creditor involving indebtedness in excess of EUR 5,000,000 of any Obligor, Material Subsidiary or the Parent;

(c) the appointment of a liquidator (other than in respect of a solvent liquidation of a member of the Group which is not an Obligor permitted under this Agreement), receiver, administrator including an insolvency administrator, administrative receiver, compulsory manager or other similar officer in respect of any Obligor, Material Subsidiary or the Parent or any of its assets where such asset have an aggregated fair market value in excess of EUR 5,000,000; or

(d) enforcement of any Security over any assets of any Obligor, Material Subsidiary or the Parent where such assets have an aggregated fair market value in excess of EUR 5,000,000,

or any analogous procedure or step is taken in any jurisdiction.

26.8 Creditors' process
Any expropriation, attachment, sequestration, distress, enforcement or execution affects any asset or assets of the Parent, any Obligor or any Material Subsidiary having an aggregate value of EUR 5,000,000 and is not discharged within 45 days.

26.9 Ownership of the Obligors
An Obligor is not or ceases to be a Subsidiary of the Parent.

26.10 Unlawfulness
It is or becomes unlawful for an Obligor or Kronos Denmark to perform any of its obligations under the Finance Documents if the effect thereof would reasonably be expected to have a Material Adverse Effect.

26.11 Transaction Security

(a) Any Obligor or Kronos Denmark fails duly to perform or comply with any of the obligations assumed by it in the Security Documents, provided that no Event of Default under this paragraph (a) will occur if such breach is capable of remedy and is remedied within fifteen (15) Business Days after written notice of such breach has been given to the German Borrower by the Agent or the relevant Obligor or Kronos Denmark, as the case may be, has obtained actual knowledge of such breach, whichever is the earlier.

(b) At any time of the Transaction Security is or becomes unlawful or is not, or ceases to be legal, valid, binding or enforceable or otherwise ceases to be effective if the effect thereof would reasonably be expected to have a Material Adverse Effect.

26.12 Repudiation
An Obligor or Kronos Denmark repudiates a Finance Document or any of the Transaction Security or evidences an intention to repudiate a Finance Document or any of the Transaction Security.

26.13 Material Contracts
Any Material Contract is not or ceases to be in full force and effect if this would reasonably be expected to have a Material Adverse Effect.

26.14 Material adverse change
There occurs a material adverse change in the business, assets or financial condition of any of the German Borrower, the Belgian Borrower or of the Group taken as a whole.

26.15 Acceleration
On and at any time after the occurrence of an Event of Default which is continuing the Agent may, and shall if so directed by the Majority Lenders, by notice to the Borrowers:

(a) cancel the Total Commitments whereupon they shall immediately be cancelled;

(b) declare that all or part of the Loans, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, whereupon they shall become immediately due and payable;

(c) declare that all or part of the Loans be payable on demand, whereupon they shall immediately become payable on demand by the Agent on the instructions of the Majority Lenders; and/or

(d) require the relevant Borrower to procure that the liabilities of each of the Lenders and the Fronting Bank under each Letter of Credit are promptly reduced to zero; and/or

(e) require the relevant Borrower to provide Cash Collateral for each Letter of Credit in an amount specified by the Agent and in the currency of that Letter of Credit;

(f) exercise, or direct the Security Agent to exercise, any or all of its rights, remedies, powers or discretions under any of the Finance Documents.

SECTION 9
CHANGES TO PARTIES

27. Changes To The Lenders

27.1 Assignments and transfers by the Lenders

(a) Subject to this Clause 27, a Lender (the "Existing Lender") may:

(i) assign (Abtretung) any of its rights; or

(ii) transfer by way of assignment and assumption of debt (Vertragsubernahme) any of its rights and obligations,

to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets (the "New Lender").

27.2 Conditions of assignment or transfer

(a) Any such assignment or transfer shall be in a minimum amount of EUR 4,000,000 except in the case of an assignment or transfer which has the effect of reducing the participation of the relevant Lender to zero.

(b) The consent of the German Borrower is required for an assignment or transfer by a Lender, unless the assignment or transfer is to another Lender or an Affiliate of a Lender or unless a Default has occurred which is continuing.

(c) The consent of the German Borrower to an assignment or transfer must not be unreasonably withheld or delayed. The German Borrower will be deemed to have given its consent five Business Days after the Lender has requested it unless consent is expressly refused by the German Borrower within that time.

(d) The consent of the Fronting Bank is required for an assignment or transfer by a Lender in relation to a Letter of Credit.

(e) An assignment will only be effective on receipt by the Agent of written confirmation from the New Lender (in form and substance satisfactory to the Agent) that the New Lender will assume the same obligations to the other Finance Parties and the other Secured Parties as it would have been under if it was an Original Lender.

(f) A transfer will only be effective if the procedure set out in Clause 27.5 (Procedure for transfer) is complied with.

(g) If:

(i) a Lender assigns or transfers any of its rights or obligations under the Finance Documents or changes its Facility Office; and

(ii) as a result of circumstances existing at the date the assignment, transfer or change occurs, an Obligor would be obliged to make a payment to the New Lender or Lender acting through its new Facility Office under Clause 16 (Tax gross-up and indemnities) or Clause 17 (Increased Costs),

then the New Lender or Lender acting through its new Facility Office is only entitled to receive payment under those Clauses to the same extent as the Existing Lender or Lender acting through its previous Facility Office would have been if the assignment, transfer or change had not occurred.

27.3 Assignment or transfer fee

The New Lender shall, on the date upon which an assignment or transfer takes effect, pay to the Agent (for its own account) a fee of EUR 3,500.

27.4 Limitation of responsibility of Existing Lenders

(a) Unless expressly agreed to the contrary, an Existing Lender makes no representation or warranty and assumes no responsibility to a New Lender for:

(i) the legality, validity, effectiveness, adequacy or enforceability of the Finance Documents, the Transaction Security or any other documents;

(ii) the financial condition of any Obligor;

(iii) the performance and observance by any Obligor or Kronos Denmark of its obligations under the Finance Documents or any other documents; or

(iv) the accuracy of any statements (whether written or oral) made in or in connection with any Finance Document or any other document,

and any representations or warranties implied by law are excluded.

(b) Each New Lender confirms to the Existing Lender and the other Finance Parties that it:

(i) has made (and shall continue to make) its own independent investigation and assessment of the financial condition and affairs of each Obligor and its related entities in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by the Existing Lender in connection with any Finance Document; and

(ii) will continue to make its own independent appraisal of the creditworthiness of each Obligor and its related entities whilst any amount is or may be outstanding under the Finance Documents or any Commitment is in force.

(c) Nothing in any Finance Document obliges an Existing Lender to:

(i) accept a re-transfer from a New Lender of any of the rights and obligations assigned or transferred under this Clause 27; or

(ii) support any losses directly or indirectly incurred by the New Lender by reason of the non-performance by any Obligor or Kronos Denmark of its obligations under the Finance Documents or otherwise.

27.5 Procedure for transfer

(a) Subject to the conditions set out in Clause 27.2 (Conditions of assignment or transfer) a transfer is effected in accordance with paragraph (b) below when the Agent executes an otherwise duly completed Transfer Certificate delivered to it by the Existing

Lender and the New Lender. The Agent shall, as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Transfer Certificate.

(b) On the Transfer Date:

(i) to the extent that in the Transfer Certificate the Existing Lender seeks to transfer by assignment and assumption its rights (the "Transferred Rights") and obligations (the "Transferred Obligations") under the Finance Documents and in respect of the Transaction Security each of the Obligors and Kronos Denmark and the Existing Lender shall be released from further obligations towards one another under the Finance Documents and in respect of the Transaction Security;

(ii) the Transferred Rights of the Existing Lender shall be transferred to the New Lender and the Transferred Obligations of the Existing Lender shall be assumed by the New Lender so that each of the Obligors and Kronos Denmark and the New Lender shall have those obligations and/ or rights towards one another;

(iii) the Agent, the Mandated Lead Arranger, the Security Agent, the New Lender, the other Lenders and the Fronting Bank shall have the same rights and the same obligations between themselves and in respect of the Transaction Security as they would have had, had the New Lender been an Original Lender with the rights and/or obligations transferred to or assumed by it as a result of the transfer and to that extent the Agent, the Mandated Lead Arranger, the Existing Lender and the Fronting Bank shall each be released from further obligations to each other under this Agreement; and

(iv) the New Lender shall become a Party as a "Lender".

For the avoidance of doubt it is hereby agreed that the benefit of the guarantees and indemnities granted pursuant to Clause 21 (Guarantee and Indemnity) and the benefit of each of the Security Documents shall be transferred to the New Lender following a transfer pursuant to this Clause 27.

27.6 Disclosure of information
Any Lender may disclose to any of its Affiliates and any other person:

(a) to (or through) whom that Lender assigns or transfers (or may potentially assign or transfer) all or any of its rights and obligations under this Agreement;

(b) with (or through) whom that Lender enters into (or may potentially enter into) any sub-participation in relation to, or any other transaction under which payments are to be made by reference to, this Agreement or any Obligor; or

(c) to whom, and to the extent that, information is required to be disclosed by any applicable law or regulation,

any information about any Obligor, the Group and the Finance Documents as that Lender shall consider appropriate if, in relation to paragraphs (a) and (b) above, the person to whom the information is to be given has entered into a Confidentiality Undertaking.

28. Changes To The Obligors

No Obligor may assign any of its rights or transfer any of its rights or obligations under the Finance Documents.

SECTION 10
THE FINANCE PARTIES

29. Role Of The Agent, the Security Agent And The Mandated Lead Arranger

29.1 Appointment of the Agent and the Security Agent

(a) Each other Finance Party appoints the Agent to act as its agent and the Security Agent to act as its trustee and administrator under and in connection with the Finance Documents (provided that, in the case of any Transaction Security which is accessory in nature and which is granted pursuant to any Security Document which is governed by German law, the Security Agent shall act as administrator only).

(b) Each other Finance Party authorises the Agent and the Security Agent to exercise the rights, powers, authorities and discretions specifically given to the Agent and the Security Agent under or in connection with the Finance Documents together with any other incidental rights, powers, authorities and discretions. The Agent and the Security Agent shall be released from the restrictions set out in section 181 of the German Civil Code. The Agent and the Security Agent can grant substitute power of attorney and release any sub-agents from the restrictions set out in section 181 of the German Civil Code and revoke such power of attorney.

29.2 Definitions: For the purposes of Section 10 (The Finance Parties):

"Agent's and Security Agent's Liabilities" means all liabilities (including any liability in respect of tax), to which the Agent, the Security Agent or any person appointed by any of them under any Finance Document becomes subject by reason of it acting as agent or holding the Transaction Security under the Finance Document;

"German Security" means any security assumed and accepted by or through the Security Agent or the Finance Parties, as the case may be, pursuant to any Security Document governed by German law and held or administered by the Security Agent on behalf of or in trust for the Finance Parties hereunder and any addition or replacement or substitution thereof.

29.3 Administering of Transaction Security:
The Security Agent shall hold and administer the Transaction Security. Each Lender hereby authorises the Security Agent to accept as its representative (Stellvertreter) any security created in favour of such Lender.

29.4 Administration of German Security
The Security Agent shall in relation to the German Security

(a) hold and administer any German Security which is security assigned (Sicherungseigentum/Sicherungsabtretung) or otherwise transferred under a non-accessory security right (nicht akzessorische Sicherheit) to it as trustee (Treuhander) for the benefit of the Secured Parties;

(b) administer any German Security which is pledged (Verpfandung) or otherwise transferred to a Secured Party under an accessory security right (akzessorische Sicherheit) as agent.

29.5 Acts of Agent and Security Agent:
In additional to Clause 29.3 (Administering of Transaction Security):

(a) each of the Security Agent and the Agent shall be at liberty to place any Finance Document and any other documents delivered to it in connection therewith in any safe or receptacle or with any bank, any company whose business includes undertaking the safe custody of documents or any firm of lawyers of good repute and shall not be responsible for any loss thereby incurred;

(b) the Security Agent, whenever it thinks fit, may delegate by power of attorney or otherwise to any person or persons all or any of the rights, trusts, powers, authorities and discretions vested in it by a Finance Document and such delegation may be made upon such terms and subject to such conditions and subject to such regulations as the Security Agent may think fit;

(c) each of the Security Agent and the Agent may refrain from doing or do anything which would or might in its opinion be contrary to or necessary to comply with any relevant law of any jurisdiction;

(d) each of the Security Agent and the Agent and every attorney, agent or other person appointed by it under any Finance Document may indemnify itself or himself out of the Charged Property against all the Agent's and Security Agent's Liabilities, subject to the provisions of the Security Document; and

(e) the Security Agent shall have the rights to, but shall not be under any obligation to, insure any of the Charged Property and shall not be responsible for any loss which may be suffered by any person as a result of the lack of or inadequacy or insufficiency of any such insurance.

29.6 Parallel Debt

29.6.1 Each of the Obligors hereby agrees and covenants with the Security Agent by way of an abstract acknowledgement of debt (abstraktes Schuldanerkenntnis) that each of them shall pay to the Security Agent sums equal to, and in the currency of, any sums owing by it to a Secured Party (other than the Security Agent) under any Finance Document (the "Principal Obligations") as and when the same fall due for payment under the relevant Finance Document (the "Parallel Obligations").

29.6.2 The Security Agent shall have its own independent right to demand payment of the Parallel Obligations by the Obligors. The rights of the Secured Parties to receive payment of the Principal Obligations are several from the rights of the Security Agent to receive the Parallel Obligations.

29.6.3 The payment by an Obligor of its Parallel Obligations to the Security Agent in accordance with this Clause 29.6 shall be a good discharge of the corresponding Principal Obligations and the payment by an Obligor of its corresponding Principal Obligations in accordance with the provisions of the Finance Documents shall be a good discharge of the relevant Parallel Obligations.

29.6.4 Despite the foregoing, any such payment shall be made to the Agent, unless the Agent directs such payment to be made to the Security Agent.

29.7 Duties of the Agent and the Security Agent

(a) The Agent and the Security Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Agent or the Security Agent for that Party by any other Party.

(b) Except where a Finance Document specifically provides otherwise, the Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.

(c) If the Agent or the Security Agent receives notice from a Party referring to this Agreement, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the Finance Parties.

(d) If the Agent or the Security Agent is aware of the non-payment of any principal, interest, commitment fee or other fee payable to a Finance Party (other than the Agent, the Mandated Lead Arranger or the Security Agent) under this Agreement it shall promptly notify the other Finance Parties.

(e) The Agent's and the Security Agent's duties under the Finance Documents are solely mechanical and administrative in nature.

29.8 Role of the Mandated Lead Arranger

Except as specifically provided in the Finance Documents, the Mandated Lead Arranger has no obligations of any kind to any other Party under or in connection with any Finance Document.

29.9 No fiduciary duties

(a) Except where a Finance Document specifically provides otherwise, nothing in this Agreement constitutes the Agent, the Security Agent or the Mandated Lead Arranger as a trustee or fiduciary of any other person.

(b) Neither the Agent, the Security Agent nor the Mandated Lead Arranger shall be bound to account to any Lender for any sum or the profit element of any sum received by it for its own account.

29.10 Business with the Group

The Agent, the Security Agent and the Mandated Lead Arranger may accept deposits from, lend money to and generally engage in any kind of banking or other business with any member of the Group.

29.11 Rights and discretions of the Agent and the Security Agent

(a) The Agent and the Security Agent may rely on:

(i) any representation, notice or document believed by it to be genuine, correct and appropriately authorised; and

(ii) any statement made by a director, authorised signatory or employee of any person regarding any matters which may reasonably be assumed to be within his knowledge or within his power to verify.

(b) The Agent and the Security Agent may assume (unless it has received notice to the contrary in its capacity as agent for the Lenders) that:

(i) no Default has occurred (unless it has actual knowledge of a Default arising under Clause 26.1 (Non-payment));

(ii) any right, power, authority or discretion vested in any Party or the Majority Lenders has not been exercised; and

(iii) any notice or request made by the German Borrower (other than a Utilisation Request) is made on behalf of and with the consent and knowledge of all the Obligors.

(c) The Agent and the Security Agent may engage, pay for and rely on the advice or services of any lawyers, accountants, surveyors or other experts.

(d) The Agent and the Security Agent may act in relation to the Finance Documents through its personnel and agents.

(e) The Agent may disclose to any other Party any information it reasonably believes it has received as agent under this Agreement.

(f) The Security Agent may, upon a disposal of any property the subject of the Security Document by any receiver, or by any of the Obligors or Kronos Denmark where the Security Agent has consented to the disposal, to any third party, release such property from the Security Document.

(g) Notwithstanding any other provision of any Finance Document to the contrary, neither the Agent nor the Mandated Lead Arranger is obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or a breach of a fiduciary duty or duty of confidentiality.

29.12 Majority Lenders' instructions

(a) Unless a contrary indication appears in a Finance Document, the Agent and the Security Agent shall (i) exercise any right, power, authority or discretion vested in it as Agent or Security Agent in accordance with any instructions given to it by the Majority Lenders (or, if so instructed by the Majority Lenders, refrain from exercising any right, power, authority or discretion vested in it as Agent or Security Agent) and (ii) not be liable for any act (or omission) if it acts (or refrains from taking any action) in accordance with an instruction of the Majority Lenders.

(b) Unless a contrary indication appears in a Finance Document, any instructions given by the Majority Lenders will be binding on all the Finance Parties.

(c) The Agent and the Security Agent may refrain from acting in accordance with the instructions of the Majority Lenders (or, if appropriate, the Lenders) (i) if in the reasonable opinion of the Agent or the Security Agent, as the case may be, such instructions are contrary to applicable law or (ii) until it has received such security as it may require for any cost, loss or liability (together with any associated VAT) which it may incur in complying with the instructions.

(d) In the absence of instructions from the Majority Lenders, (or, if appropriate, the Lenders) the Agent and the Security Agent may act (or refrain from taking action) as it considers to be in the best interest of the Lenders.

(e) The Agent and the Security Agent is not authorised to act on behalf of a Lender (without first obtaining that Lender's consent) in any legal or arbitration proceedings relating to any Finance Document.

29.13 Responsibility for documentation

None of the Agent, the Mandated Lead Arranger and the Security Agent:

(a) is responsible for the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by the Agent, the Mandated Lead Arranger, the Security Agent, an Obligor, Kronos Denmark or any other person given in or in connection with any Finance Document or the Information Memorandum or the transactions contemplated in the Finance Documents; or

(b) is responsible for the legality, validity, effectiveness, adequacy or enforceability of any Finance Document or the Transaction Security or any other agreement, arrangement or document entered into, made or executed in anticipation of or in connection with any Finance Document or the Transaction Security.

29.14 Exclusion of liability

(a) Without limiting paragraph (b) below, neither the Agent nor the Security Agent will be liable for any action taken by it under or in connection with any Finance Document or the Transaction Security, unless directly caused by its gross negligence or wilful misconduct.

(b) No Party may take any proceedings against any officer, employee or agent of the Agent or the Security Agent in respect of any claim it might have against the Agent or the Security Agent in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document and any officer, employee or agent of the Agent or the Security Agent may rely on this Clause.

(c) Neither the Agent nor the Security Agent will be liable for any delay (or any related consequences) in crediting an account with an amount required under the Finance Documents to be paid by the Agent or the Security Agent if the Agent or the Security Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent or the Security Agent for that purpose.

29.15 Lenders' indemnity to the Agent and the Security Agent

Each Lender shall (in proportion to its share of the Total Commitments or, if the Total Commitments are then zero, to its share of the Total Commitments immediately prior to their reduction to zero) indemnify each of the Agent and the Security Agent, within three Business Days of demand, against any cost, loss or liability incurred by the Agent or the Security Agent (otherwise than by reason of the Agent's or the Security Agent's gross negligence or wilful misconduct) in acting as Agent or as Security Agent under the Finance Documents (unless the Agent or the Security Agent has been reimbursed by an Obligor pursuant to a Finance Document).

29.16 Resignation of the Agent and the Security Agent

(a) The Agent and the Security Agent may resign and appoint one of its Affiliates acting through an office in one of the Participating Member States as successor by giving notice to the other Finance Parties and the Borrowers.

(b) Alternatively the Agent and the Security Agent may resign by giving notice to the other Finance Parties and the Borrowers, in which case the Majority Lenders (after consultation with the German Borrower) may appoint a successor Agent or Security Agent.

(c) If the Majority Lenders have not appointed a successor Agent or Security Agent in accordance with paragraph (b) above within 30 days after notice of resignation was given, the Agent or the Security Agent (after consultation with the German Borrower) may appoint a successor Agent or Security Agent (acting through an office in one of the Participating Member States).

(d) The retiring Agent or Security Agent shall, at its own cost, make available to the successor Agent or Security Agent such documents and records and provide such assistance as the successor Agent or the Security Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.

(e) The Agent's or the Security Agent's resignation notice shall only take effect upon the appointment of a successor.

(f) Upon the appointment of a successor, the retiring Agent or the Security Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of this Clause 29. Its successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

(g) After consultation with the German Borrower, the Majority Lenders may, by notice to the Agent or the Security Agent, require it to resign in accordance with paragraph (b) above. In this event, the Agent or the Security Agent shall resign in accordance with paragraph (b) above.

29.17 Confidentiality

(a) In acting as agent for the Finance Parties or as security agent for the Secured Parties, as the case may be, the Agent and the Security Agent shall be regarded as acting through its agency division which shall be treated as a separate entity from any other of its divisions or departments.

(b) If information is received by another division or department of the Agent or the Security Agent, it may be treated as confidential to that division or department and neither the Agent nor the Security Agent shall not be deemed to have notice of it.

29.18 Relationship with the Lenders

(a) The Agent and the Security Agent may treat each Lender as a Lender, entitled to payments under this Agreement and acting through its Facility Office unless it has received not less than five Business Days prior notice from that Lender to the contrary in accordance with the terms of this Agreement.

(b) Each Lender shall supply the Agent with any information required by the Agent in order to calculate the Mandatory Cost in accordance with Schedule 4 (Mandatory Cost formulae).

(c) Each Secured Party shall supply the Agent with any information that the Security Agent may reasonably specify (through the Agent) as being necessary or desirable to enable the Security Agent to perform its functions as security agent. Each Lender shall deal with the Security Agent exclusively through the Agent and shall not deal directly with the Security Agent

29.19 Credit appraisal by the Secured Parties

Without affecting the responsibility of any Obligor for information supplied by it or on its behalf in connection with any Finance Document, each Secured Party confirms to the Agent, the Mandated Lead Arranger and the Security Agent that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Finance Document including but not limited to:

(a) the financial condition, status and nature of each member of the Group;

(b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document and the Transaction Security and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Transaction Security;

(c) whether that Secured Party has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with any Finance Document, the Transaction Security, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document;

(d) the adequacy, accuracy and/or completeness of the Information Memorandum and any other information provided by the Agent, the Security Agent, any Party or by any other person under or in connection with any Finance Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document; and

(e) the right or title of any person in or to, or the value or sufficiency of any part of the Charged Property, the priority of any of the Transaction Security or the existence of any Security affecting the Charged Property.

29.20 Application of proceeds

To the extent that the Agent or the Security Agent receives monies pursuant to or as a result of any breach of any Finance Document to be applied in discharging any obligation (whether actual or contingent, present or future) of any Obligor under any Finance Document, such monies shall be applied in the order set out in Clause 33.5 (Partial Payments).

29.21 Release of Transaction Security

If the Security Agent, with the approval of the Majority Lenders, shall determine that all obligations the discharge of which is secured by the Security Documents have been full and finally discharged and none of the Lenders is under any commitment, obligation or liability (whether actual or contingent) to make advances or provide other financial accommodation to the Borrowers under this Agreement the Security Agent shall release all

of the security then held by it, whereupon each of the Security Agent, the Agent, the Mandated Lead Arranger, the Lenders and the Obligors shall be released from its obligations hereunder or under the other Finance Documents (save for those which arose prior to such winding-up) and Kronos Denmark shall be released from its obligations under the Finance Documents.

29.22 Reference Banks

If a Reference Bank (or, if a Reference Bank is not a Lender, the Lender of which it is an Affiliate) ceases to be a Lender, the Agent shall (with the approval of the German Borrower which approval shall not be unreasonably withheld or delayed) appoint another Lender or an Affiliate of a Lender to replace that Reference Bank.

29.23 Deduction from amounts payable by the Agent

If any Party owes an amount to the Agent under the Finance Documents the Agent may, after giving notice to that Party, deduct an amount not exceeding that amount from any payment to that Party which the Agent would otherwise be obliged to make under the Finance Documents and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of the Finance Documents that Party shall be regarded as having received any amount so deducted.

30. Conduct Of Business By The Finance Parties

Subject to the provisions of Clause 19 (Mitigation by the Lenders) no provision of this Agreement will:

(a) interfere with the right of any Finance Party to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;

(b) oblige any Finance Party to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim; or

(c) oblige any Finance Party to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax.

31. Sharing Among The Finance Parties

31.1 Payments to Finance Parties

If a Finance Party (a "Recovering Finance Party") receives or recovers any amount from an Obligor other than in accordance with Clause 33 (Payment mechanics) or Clause 29.20 (Application of proceeds) and applies that amount to a payment due under the Finance Documents then:

(a) the Recovering Finance Party shall, within three Business Days, notify details of the receipt or recovery, to the Agent;

(b) the Agent shall determine whether the receipt or recovery is in excess of the amount the Recovering Finance Party would have been paid had the receipt or recovery been received or made by the Agent and distributed in accordance with Clause 33 (Payment mechanics), without taking account of any Tax which would be imposed on the Agent in relation to the receipt, recovery or distribution; and

(c) the Recovering Finance Party shall, within three Business Days of demand by the Agent, pay to the Agent an amount (the "Sharing Payment") equal to such receipt or recovery less any amount which

the Agent determines may be retained by the Recovering Finance Party as its share of any payment to be made, in accordance with Clause 33.5 (Partial payments).

31.2 Redistribution of payments
The Agent shall treat the Sharing Payment as if it had been paid by the relevant Obligor and distribute it between the Finance Parties (other than the Recovering Finance Party) in accordance with Clause 33.5 (Partial payments).

31.3 Recovering Finance Party's rights
The Recovering Finance Party will be assigned the claims (or the part thereof) to which the Sharing Payment is allocated (and the relevant Obligor shall be liable to the Recovering Finance Party in an amount equal to the Sharing Payment).

31.4 Reversal of redistribution
If any part of the Sharing Payment received or recovered by a Recovering Finance Party becomes repayable and is repaid by that Recovering Finance Party, then:

(a) each Finance Party which has received a share of the relevant Sharing Payment pursuant to Clause 31.2 (Redistribution of payments) shall, upon request of the Agent, pay to the Agent for account of that Recovering Finance Party an amount equal to the appropriate part of its share of the Sharing Payment (together with an amount as is necessary to reimburse that Recovering Finance Party for its proportion of any interest on the Sharing Payment which that Recovering Finance Party is required to pay); and

(b) such Recovering Finance Party's rights to an assignment in respect of any reimbursement shall be cancelled and the relevant Obligor will be liable to the reimbursing party for the amount so reimbursed and such Recovering Finance Party shall re-assign to the relevant Finance Party any amount assigned to it by such Finance Party pursuant to Clause 31.3.

31.5 Exceptions

(a) This Clause 31 shall not apply to the extent that the Recovering Finance Party would not, after making any payment pursuant to this Clause, have a valid and enforceable claim against the relevant Obligor.

(b) A Recovering Finance Party is not obliged to share with any other Finance Party any amount which the Recovering Finance Party has received or recovered as a result of taking legal or arbitration proceedings, if:

(i) it notified that other Finance Party of the legal or arbitration proceedings; and

(ii) that other Finance Party had an opportunity to participate in those legal or arbitration proceedings but did not do so as soon as reasonably practicable having received notice and did not take separate legal or arbitration proceedings.

32. The Lenders and the Fronting Bank

32.1 Lenders' Indemnity
If any Borrower fails to comply with its obligations under Clause 9.2 (Borrowers' Indemnity to Fronting Banks) the Agent shall make demand on each Lender for its share of that L/C Amount and, subject to Clause 32.2

(Direct Participation), each Lender shall indemnify the Fronting Bank for that Lender's L/C Proportion of the L/C Amount.

32.2 Direct Participation

If any Lender is not permitted (by its constitutional documents or any applicable law) to comply with Clause 32.1 (Lenders' Indemnity) then that Lender will not be obliged to comply with Clause 32.1 (Lenders' Indemnity) and shall instead be deemed to have taken, on the date the Letter of Credit is issued (or if later, on the date that L/C Proportion is transferred or assigned to such Lender in accordance with the terms of this Agreement), an undivided interest and participation in that Letter of Credit in an amount equal to that Lender's L/C Proportion of that Letter of Credit. On receipt of demand by the Agent in accordance with Clause 32.1 (Lenders' Indemnity), each such Lender shall pay to the Agent (for the account of the Fronting Bank) its L/C Proportion of any L/C Amount.

32.3 Obligations not Discharged

Neither the obligations of each Lender in this Clause 32 nor the rights, powers and remedies conferred upon the Fronting Bank by this Agreement or by law shall be discharged, impaired or otherwise affected by:

(a) the winding-up, dissolution, administration or re-organisation of the Fronting Bank, the Borrower or any other person or any change in its status, function, control or ownership;

(b) any of the obligations of the Fronting Bank, the Borrower or any other person under this Agreement, under a Letter of Credit or under any other security taken in respect of its obligations under this Agreement or under a Letter of Credit being or becoming illegal, invalid, unenforceable or ineffective in any respect;

(c) time or other indulgence being granted or agreed to be granted to the Fronting Bank, the Borrower or any other person in respect of its obligations under this Agreement, under a Letter of Credit or under any other security;

(d) any amendment to, or any variation, waiver or release of, any obligation of the Fronting Bank, the Borrower or any other person under this Agreement, under a Letter of Credit or under any other security; and

(e) any other act, event or omission which, but for this Clause 32.3, might operate to discharge, impair or otherwise affect any of the obligations of each Lender in this Agreement contained or any of the rights, powers or remedies conferred upon any Fronting Bank by this Agreement or by law.

The obligations of each Lender in this Agreement contained shall be in addition to and independent of every other security which the Fronting Bank may at any time hold in respect of any Letter of Credit.

32.4 Settlement Conditional

Any settlement or discharge between a Lender and the Fronting Bank shall be conditional upon no security or payment to the Fronting Bank by a Lender or any other person on behalf of a Lender being avoided or reduced by virtue of any laws relating to bankruptcy, insolvency, liquidation or similar laws of general application and, if any such security or payment is so avoided or reduced, the Fronting Bank shall be entitled to recover the value or amount of such security or payment from such Lender subsequently as if such settlement or discharge had not occurred.

32.5 Exercise of Rights

The Fronting Bank shall not be obliged before exercising any of the rights, powers or remedies conferred upon them in respect of any Lender by this Agreement or by law:

(a) to take any action or obtain judgment in any court against the Borrower;

(b) to make or file any claim or proof in a winding-up or dissolution of the Borrower; or

(c) to enforce or seek to enforce any other security taken in respect of any of the obligations of the Borrower under this Agreement.

SECTION 11
ADMINISTRATION

33. Payment Mechanics

33.1 Payments to the Agent

(a) On each date on which an Obligor or a Lender is required to make a payment under a Finance Document, that Obligor or Lender shall make the same available to the Agent (unless a contrary indication appears in a Finance Document) for value on the due date at the time and in such funds specified by the Agent as being customary at the time for settlement of transactions in the relevant currency in the place of payment.

(b) Payment shall be made to such account in the principal financial centre of the country of that currency (or, in relation to euro, in a principal financial centre in a Participating Member State or London) with such bank as the Agent specifies.

33.2 Distributions by the Agent
Each payment received by the Agent under the Finance Documents for another Party shall, subject to Clause 33.3 (Distributions to an Obligor) and Clause 33.4 (Clawback) and Clause 29.23 (Deduction from amounts payable by the Agent) be made available by the Agent as soon as practicable after receipt to the Party entitled to receive payment in accordance with this Agreement (in the case of a Lender, for the account of its Facility Office), to such account as that Party may notify to the Agent by not less than five Business Days' notice with a bank in the principal financial centre of the country of that currency (or, in relation to euro, in the principal financial centre of a Participating Member State or London).

33.3 Distributions to an Obligor
The Agent may (with the consent of the Obligor or in accordance with Clause 34 (Set-off)) apply any amount received by it for that Obligor in or towards payment (on the date and in the currency and funds of receipt) of any amount due from that Obligor under the Finance Documents or in or towards purchase of any amount of any currency to be so applied.

33.4 Clawback

(a) Where a sum is to be paid to the Agent under the Finance Documents for another Party, the Agent is not obliged to pay that sum to that other Party (or to enter into or perform any related exchange contract) until it has been able to establish to its satisfaction that it has actually received that sum.

(b) If the Agent pays an amount to another Party and it proves to be the case that the Agent had not actually received that amount, then the Party to whom that amount (or the proceeds of any related exchange contract) was paid by the Agent shall on demand refund the same to the Agent together with interest on that amount from the date of payment to the date of receipt by the Agent, calculated by the Agent to reflect its cost of funds.

33.5 Partial payments

(a) If the Agent receives a payment that is insufficient to discharge all the amounts then due and payable by an Obligor under the Finance Documents, the Agent shall apply that payment towards the obligations of that Obligor under the Finance Documents in the following order:

(i) first, in or towards payment pro rata of any unpaid fees, costs and expenses of the Agent and the Security Agent under the Finance Documents;

(ii) secondly, in or towards payment of any demand made by the Fronting Bank in respect of a payment made or to be made by it under a Letter of Credit;

(iii) thirdly, in or towards payment pro rata of any accrued interest, commission or Fronting Bank Fee due but unpaid under this Agreement;

(iv) fourthly, in or towards payment pro rata of any Outstandings due but unpaid under this Agreement; and

(v) fifthly, in or towards payment pro rata of any other sum due but unpaid under the Finance Documents.

(b) The Agent shall, if so directed by the Majority Lenders, vary the order set out in paragraphs (a)(ii) to (v) above.

(c) Paragraphs (a) and (b) above will override any appropriation made by an Obligor.

33.6 No set-off by Obligors

All payments to be made by an Obligor under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

33.7 Business Days

(a) Any payment which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

(b) During any extension of the due date for payment of any principal or Unpaid Sum under this Agreement interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

33.8 Currency of account

(a) Subject to paragraphs (b) to (f) below, the Base Currency is the currency of account and payment for any sum due from an Obligor under any Finance Document.

(b) A repayment of a Loan or Unpaid Sum or a part of a Loan or Unpaid Sum shall be made in the currency in which that Loan or Unpaid Sum is denominated on its due date.

(c) Each payment in respect of a Letter of Credit (including any Cash Collateral in respect of a Letter of Credit) shall be made in the Base Currency.

(d) Each payment of interest shall be made in the currency in which the sum in respect of which the interest is payable was denominated when that interest accrued.

(e) Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.

(f) Any amount expressed to be payable in a currency other than the Base Currency shall be paid in that other currency.

33.9 Change of currency

(a) Unless otherwise prohibited by law, if more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:

(i) any reference in the Finance Documents to, and any obligations arising under the Finance Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the Agent (after consultation with the German Borrower); and

(ii) any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the Agent (acting reasonably).

(b) If a change in any currency of a country occurs, this Agreement will, to the extent the Agent (acting reasonably and after consultation with the German Borrower) specifies to be necessary, be amended to comply with any generally accepted conventions and market practice in the Relevant Interbank Market and otherwise to reflect the change in currency.

34. Set-Off

A Finance Party may set off any matured obligation due from an Obligor under the Finance Documents (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to that Obligor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

35. Notices

35.1 Communications in writing

(a) Any communication to be made under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, may be made by fax, letter or telex.

(b) Any document to be delivered pursuant to Clause 4.1 (Initial conditions precedent) shall be delivered in original form or a certified copy, certified as a true and up-to-date copy by an authorised signatory.

(c) Any Utilisation Request shall be confirmed by letter, although failure to do so shall not invalidate the original request.

35.2 Addresses

The address, fax number and telex number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents is:

(a) in the case of each Obligor, that identified with its name below;

(b) in the case of each Lender and the Fronting Bank, that notified in writing to the Agent on or prior to the date on which it becomes a Party; and

(c) in the case of the Agent and the Security Agent, that identified with its name below,

or any substitute address, fax number, telex number or department or officer as the Party may notify to the Agent (or the Agent may notify to the other Parties, if a change is made by the Agent) by not less than five Business Days' notice.

35.3 Delivery

(a) Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will only be effective:

(i) if by way of fax, when received in legible form; or

(ii) if by way of letter, when it has been left at the relevant address or five Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address; or

(iii) if by way of telex, when despatched, but only if, at the time of transmission, the correct answerback appears at the start and at the end of the sender's copy of the notice;

and, if a particular department or officer is specified as part of its address details provided under Clause 35.2 (Addresses), if addressed to that department or officer.

(b) Any communication or document to be made or delivered to the Agent or the Security Agent will be effective only when actually received by the Agent or the Security Agent and then only if it is expressly marked for the attention of the department or officer identified with the Agent's or the Security Agent's signature below (or any substitute department or officer as the Agent shall specify in writing for this purpose).

(c) All notices from or to an Obligor shall be sent through the Agent.

(d) Any communication or document made or delivered to the German Borrower in accordance with this Clause will be deemed to have been made or delivered to each of the Obligors.

(e) All notices to a Lender or the Fronting Bank from the Security Agent shall be sent through the Agent.

35.4 Notification of address, fax number and telex number
Promptly upon receipt of notification of an address, fax number and telex number or change of address, fax number or telex number pursuant to Clause 35.2 (Addresses) or changing its own address, fax number or telex number, the Agent shall notify the other Parties.

35.5 Electronic communication

(a) Any communication to be made between the Agent or the Security Agent and a Lender under or in connection with the Finance Documents may be made by electronic mail or other electronic means, if the Agent, the Security Agent, the Fronting Bank and the relevant Lender:

(i) agree that, unless and until notified to the contrary, this is to be an accepted form of communication;

(ii) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and

(iii) notify each other of any change to their address or any other such information supplied by them.

(b) Any electronic communication made between the Agent or the Security Agent and a Lender and/or the Fronting Bank will be effective only when actually received in readable form and in the case of any electronic communication made by a Lender or the Fronting Bank to the Agent or the Security Agent only if it is addressed in such a manner as the Agent or the Security Agent shall specify for this purpose.

35.6 English language

(a) Any notice given under or in connection with any Finance Document must be in English.

(b) All other documents provided under or in connection with any Finance Document must be:

(i) in English; or

(ii) if not in English, and if so required by the Agent, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

36. Calculations And Certificates

36.1 Accounts
In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by a Finance Party are prima facie evidence of the matters to which they relate.

36.2 Certificates and Determinations
Any certification or determination by a Finance Party of a rate or amount under any Finance Document shall contain reasonable details of the relevant calculation and is, in the absence of manifest error, prima facie evidence of the matters to which it relates.

36.3 Day count convention
Any interest, commission or fee accruing under a Finance Document will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of 360 days or, in any case where the practice in the Relevant Interbank Market differs, in accordance with that market practice.

37. Partial Invalidity
If, at any time, any provision of the Finance Documents is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the

remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

38. Remedies And Waivers

No failure to exercise, nor any delay in exercising, on the part of any Secured Party or the Mandated Lead Arranger, any right or remedy under the Finance Documents shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

39. Amendments And Waivers

39.1 Required consents

(a) Subject to Clause 39.2 (Exceptions) and Clause 29.21 (Release of Transaction Security) any term of the Finance Documents may be amended or waived only with the consent of the Majority Lenders and the Obligors and any such amendment or waiver will be binding on all Parties.

(b) The Agent, or in respect of the Security Documents the Security Agent may effect, on behalf of any Finance Party, any amendment or waiver permitted by this Clause.

39.2 Exceptions

(a) An amendment or waiver that has the effect of changing or which relates to:

(i) the definition of "Majority Lenders" in Clause 1.1 (Definitions);

(ii) the definition of "Availability Period";

(iii) an extension to the date of payment of any amount of principal, interest, fees or commission under the Finance Documents;

(iv) a reduction in the Margin, the L/C Commission Rate or a reduction in the amount of any payment of principal, interest, fees or commission payable;

(v) an increase in or an extension of any Commitment;

(vi) a change to the Borrowers or Guarantors;

(vii) any provision which expressly requires the consent of all the Lenders;

(viii) Clause2.2 (Finance Parties' rights and obligations), Clause 21 (Guarantee and indemnity), Clause 27 (Changes to the Lenders) or this Clause 39;

(ix) the nature or scope of the Charged Property or the manner in which the proceeds of enforcement of the Transaction Security are distributed,

shall not be made without the prior consent of all the Lenders.

(b) An amendment or waiver which relates to the rights or obligations of the Agent, the Security Agent, the Mandated Lead Arranger or the Fronting Bank may not be effected without the consent of the Agent, the Security Agent, the Mandated Lead Arranger or the Fronting Bank.

SECTION 12
GOVERNING LAW AND ENFORCEMENT

40. Governing Law

This Agreement is governed by the laws of the Federal Republic of Germany.

41. Enforcement

41.1 Jurisdiction of German courts

(a) The courts of Frankfurt am Main have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement) (a "Dispute").

(b) The Parties agree that the courts of Frankfurt am Main are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.

(c) This Clause 41.1 is for the benefit of the Finance Parties only. As a result, no Finance Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Finance Parties may take concurrent proceedings in any number of jurisdictions.

41.2 Service of process
Without prejudice to any other mode of service allowed under any relevant law, each Obligor:

(a) irrevocably appoints the German Borrower as its agent for service of process in relation to any proceedings before the German courts in connection with any Finance Document; and

(b) agrees that failure by a process agent to notify the relevant Obligor of the process will not invalidate the proceedings concerned.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

EXECUTION PAGE

The Borrowers

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By:

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Attention of: Terje Haglund - Financial Controller / Terje Karlsen - Manager

The Guarantors

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Attention of: Volker Roth

The Mandated Lead Arranger

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Attention of: Mark van den Arend; Ralph-Dieter Vogel

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The Lenders

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Attention of: KBC Corporate Branch Gent; Etienne Burm

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Attention of: Unternehmenskunden Koln Ost, Mr Weiss

THE FRONTING BANK

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Attention of: KBC Corporate Branch Gent; Etienne Burm

Exhibit 99.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of NL Industries, Inc. (the Company) on Form 10-Q for the period ending June 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, J. Landis Martin, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ J. Landis Martin
- ------------------------------------
J. Landis Martin
Chief Executive Officer

August 13, 2002

Exhibit 99.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of NL Industries, Inc. (the Company) on Form 10-Q for the period ending June 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Robert D. Hardy, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Robert D. Hardy
- ------------------------------------
Robert D. Hardy
Chief Financial Officer

August 13, 2002