

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

In re:	)	
	)	Chapter 11
	)	
TRONOX INCORPORATED, <u>et al.</u> , <sup>1</sup>	)	Case No. 09-10156 (ALG)
	)	
Debtors.	)	Jointly Administered
	)	

**DISCLOSURE STATEMENT WITH RESPECT TO THE OFFICIAL  
COMMITTEE OF EQUITY SECURITY HOLDERS OF TRONOX  
INCORPORATED'S ~~FIRST~~SECOND AMENDED PROPOSED PLAN OF  
REORGANIZATION OF TRONOX INCORPORATED ET AL.  
PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE**

**THIS IS NOT A SOLICITATION OF ACCEPTANCE OR REJECTION OF THE  
PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL A  
DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY  
COURT. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR  
APPROVAL BUT HAS NOT BEEN APPROVED BY THE COURT.**

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Dated: September ~~20~~22, 2010

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<sup>1</sup> The debtors in these chapter 11 cases include: Tronox Luxembourg S.ar.l; Tronox Incorporated; Cimarron Corporation; Southwestern Refining Company, Inc.; Transworld Drilling Company; Triangle Refineries, Inc.; Triple S, Inc.; Triple S Environmental Management Corporation; Triple S Minerals Resources Corporation; Triple S Refining Corporation; Tronox LLC; Tronox Finance Corp.; Tronox Holdings, Inc.; Tronox Pigments (Savannah) Inc.; and Tronox Worldwide LLC.

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EXHIBIT B	Order Approving the Disclosure Statement
EXHIBIT C	Valuation Analysis

## **I. IMPORTANT INFORMATION ABOUT THIS EQUITY COMMITTEE DISCLOSURE STATEMENT**

This Disclosure Statement (the “Equity Committee Disclosure Statement” or the “Disclosure Statement”) provides information regarding the Official Committee of Equity Security Holders of Tronox Incorporated’s (the “Equity Committee”) ~~First~~Second Amended Proposed Plan of Reorganization of Tronox *et al.* pursuant to Chapter 11 of the Bankruptcy Code (the “Equity Committee Plan” or the “Plan”) that the Equity Committee is seeking to have confirmed by the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”) for Tronox Incorporated and the other debtors in the above-captioned Chapter 11 Cases (collectively, “Tronox,” or the “Tronox Debtors”).

For the avoidance of doubt, the Plan Equity Sponsors take no position with regard to this Disclosure Statement or the statements made herein by the Equity Committee. Instead, the Plan Equity Sponsors’ only role in the Equity Committee Plan is to provide the backstop funding sufficient to consummate the Rights Offering.

The Equity Committee Plan is separate and apart from the proposed plan filed by the Tronox Debtors (the “Debtors’ Plan”). The Debtors have separately filed a disclosure statement for the purposes of soliciting votes on the Debtors’ Plan (the “Debtors’ Disclosure Statement”). The Equity Committee Disclosure Statement, however, is submitted to provide information concerning the Equity Committee Plan. The Equity Committee believes that the Equity Committee Plan is in the best interests of all of the creditors and other stakeholders of Tronox and is a superior alternative to the Debtors’ Plan. The Equity Committee urges all creditors and holders of equity interests entitled to vote in favor of the Equity Committee Plan.

**References to the “Equity Committee Plan” and the “Equity Committee Plan of Reorganization” are to the Plan of Reorganization attached as Exhibit A hereto. All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Equity Committee Plan. Unless the context requires otherwise, reference to “Tronox,” is to Tronox Incorporated and its subsidiaries. For information concerning a historical description of the Debtors’ businesses and a more detailed discussion of the Debtors’ historical and recent reorganization proceedings please review the Debtors’ Disclosure Statement.**

The Equity Committee urges every holder of a Claim or Equity Interest entitled to vote on the Plan to (1) read the entire Equity Committee Disclosure Statement and Equity Committee Plan carefully, (2) consider all of the information in the Equity Committee Disclosure Statement, importantly, with the risk factors described in Article XX of this Disclosure Statement and (3) consult with its own advisors with respect to reviewing the Equity Committee Plan and Disclosure Statement, the Debtors’ Plan and Disclosure Statement and the proposed transactions contemplated under the Equity Committee Plan before deciding whether to vote to accept or reject the Equity Committee Plan.

The Confirmation of the Equity Committee Plan and effectiveness of the Equity Committee Plan are subject to certain material conditions precedent described in Article XVIII of the Equity Committee Plan. There is no assurance that the Equity Committee Plan will be confirmed, or if confirmed, that the conditions required to be satisfied will be satisfied or waived.

You are encouraged to read this Disclosure Statement, and the Debtors’ Disclosure Statement in their entirety, including the Equity Committee Plan, which is annexed as Exhibit A hereto, the section entitled “Risk Factors,” prior to submitting your ballot to vote on the Equity Committee Plan, and the Debtors’ Plan which is attached as Exhibit A to the Debtors’ Disclosure Statement.

The Bankruptcy Court’s approval of this Disclosure Statement does not constitute a guarantee of the accuracy or completeness of the information contained herein or an endorsement of the merits of the Equity Committee Plan by the Bankruptcy Court.

Summaries of the Equity Committee Plan and statements made in this Disclosure Statement are qualified in their entirety by reference to the Equity Committee Plan, the exhibits and schedules attached to the Equity Committee Plan, this Disclosure Statement and the Plan Supplement. The statements contained in this Disclosure Statement are made only as of the date of this Disclosure Statement, and there is no assurance that the statements



contained herein will be correct at any time after such date. Except as otherwise provided in the Equity Committee Plan or in accordance with applicable law, the Equity Committee is under no duty to update or supplement this Disclosure Statement.

The information contained in this Disclosure Statement is included for purposes of soliciting acceptances to, and Confirmation of, the Equity Committee Plan and may not be relied on for any other purpose. The Equity Committee believes that the summary of certain provisions of the Equity Committee Plan and certain other documents and financial information contained or referenced in this Disclosure Statement is fair and accurate. The summaries of the financial information and the documents annexed to this Disclosure Statement, or otherwise incorporated herein by reference, are qualified in their entirety by reference to those documents. In the event of any inconsistency between this Disclosure Statement and the Equity Committee Plan, the relevant provision of the Equity Committee Plan, as it relates to such inconsistency, shall govern.

No representations concerning Tronox or the value of Tronox's property have been authorized by Tronox other than as set forth in the Debtors' Disclosure Statement. Certain financial information has been provided to the Equity Committee by the Tronox Debtors and such information has not been verified separately by the Equity Committee's financial advisors. Any information, representations or inducements made to obtain acceptance of the Equity Committee Plan, which are other than, or inconsistent with, the information contained in this Disclosure Statement and in the Equity Committee Plan, should not be relied on by any creditor or interest holder entitled to vote on the Equity Committee Plan.

Neither this Disclosure Statement nor the Plan has not been approved or disapproved by the United States Securities and Exchange Commission (the "SEC") or any similar federal, state, local or foreign regulatory agency, nor has the SEC or any other such agency passed upon the accuracy or adequacy of the statements contained in this Disclosure Statement or the Plan.

**The Equity Committee has sought to ensure the accuracy of the financial information provided in this Disclosure Statement, but the financial information contained in, or incorporated by reference into, this Disclosure Statement has not been and will not be audited or reviewed by Tronox's independent auditors.**

This Disclosure Statement has been prepared pursuant to section 1125 of the Bankruptcy Code and Bankruptcy Rule 3016(b) and is not necessarily in accordance with federal or state securities laws or other similar laws. The securities to be issued on or after the Effective Date will not have been the subject of a registration statement filed with the SEC under the Securities Act of 1933, as amended (the "Securities Act") or any securities regulatory authority of any state under any state securities law ("Blue Sky Law"). The Equity Committee is relying on section 4(2) of the Securities Act and similar Blue Sky Law provisions, as well as, to the extent applicable, the exemption from the Securities Act and equivalent state law registration requirements provided by section 1145(a)(1) of the Bankruptcy Code, to exempt the issuance of new securities in connection with the solicitation and the Plan from registration under the Securities Act and Blue Sky Law. Some of the shares of the New Common Stock described in this Disclosure Statement will be issued without registration under the Securities Act, or similar federal, state, local or foreign laws, in reliance on the exemption set forth in section 1145 of the Bankruptcy Code and other applicable exemptions in foreign jurisdictions. Other shares of the New Common Stock may be issued pursuant to other applicable exemptions under the federal and foreign securities laws. To the extent exemptions from registration other than section 1145 of the Bankruptcy Code apply, such securities may not be offered or sold except pursuant to a valid exemption or registration under the Securities Act or similar foreign laws.

The Equity Committee makes statements in this Disclosure Statement that are considered forward-looking statements under the federal securities laws. The Equity Committee considers all statements regarding anticipated or future matters, including the following, to be forward-looking statements:

- any future effects as a result of the pendency of the Chapter 11 Cases;
- Tronox's expected future financial position, liquidity, results of operations, profitability and cash flows;
- projected dividends;
- financing plans;
- competitive position;
- business strategy;
- budgets;
- projected cost reductions;
- projected and estimated liability costs, including pension, retiree, tort and environmental costs and costs of environmental remediation;
- results of litigation;
- disruption of operations;
- plans and objectives of management for future operations;
- contractual obligations;
- off-balance sheet arrangements;
- growth opportunities for existing products and services;
- projected price increases;
- projected general market conditions;
- benefits from new technology; and
- effect of changes in accounting due to recently issued accounting standards.

Statements concerning these and other matters are not guarantees of Tronox's future performance. Such statements represent the Equity Committee's estimates and assumptions only as of the date such statements were made. There are risks, uncertainties and other important factors that could cause Tronox's actual performance or achievements to be materially different from those that may be projected, and the Equity Committee undertakes no obligation to update any such statement. These risks, uncertainties and factors include:

- the Equity Committee's ability to confirm and consummate the Plan;
- Tronox's ability to reduce its overall financial leverage;
- the potential adverse impact of the Chapter 11 Cases on Tronox's operations, management and employees, and the risks associated with operating businesses in the Chapter 11 Cases;
- high competition in Tronox's industry and end-use markets;
- financial conditions of Tronox's customers;
- inability to have claims discharged or settled during the Chapter 11 Cases;
- a decline in the general economic, business and market conditions in the markets in which Tronox operates or sells its products;
- currency fluctuations;
- interest rate fluctuations;
- lower prices for Tronox's products or a decline in Tronox's market share due to competition or price pressure by customers;
- Tronox's ability to implement cost reduction initiatives in a timely and effective manner;
- adverse tax changes;
- limited access to capital resources;
- multinational business risks;
- customer response to the Chapter 11 Cases;
- changes in domestic and foreign laws and regulations;
- seasonality and cyclical factors;
- disruptions in our operations;
- geopolitical instability;
- ability to renew Tronox's leases;
- intellectual property challenges;

- price increases or shortages of raw materials and energy;
- violations or noncompliance with environmental, health and safety laws;
- discontinuation of employment of key officers or employees;
- ability to continue our technological innovation and successful introduction of new products;
- labor costs and disputes; and
- shared control of Tronox's joint venture.

## II. KEY DIFFERENCES BETWEEN THE EQUITY COMMITTEE PLAN AND THE DEBTORS' PLAN

The Equity Committee Plan is constructed very similarly to the Debtors' Plan with certain key differences that make the Equity Committee Plan superior for all stakeholders:

- The Equity Committee Plan is based on a valuation range of \$1.2 to 1.3 billion, with a midpoint of \$1.25 billion. This valuation better reflects the true value of Reorganized Tronox when compared to the valuation that forms the basis of the Debtors' Plan.
- Both the Equity Committee Plan and the Debtors' Plan are employing a rights offering process, which will enable certain stakeholders to purchase new equity in Reorganized Tronox. In both the Equity Committee Plan and the Debtors' Plan, all holders of General Unsecured Claims and all Holders of Indirect Environmental Claims will be given the opportunity to participate a rights offering to purchase new equity in the reorganized company. Unlike the Debtors' Plan, however, certain Holders of Equity Stock Interests who are Eligible Holders will also be able to participate in the rights offering pursuant to the Equity Committee Plan. In the Debtors' Plan, Holders of Equity Stock Interests will be given no such opportunity. Under terms to be arranged with the Debtors, the Equity Committee intends to conduct its Rights Offering to Holders of General Unsecured Claims and Indirect Environmental Claims in conjunction with the rights offering to be conducted under the Debtors' Plan. The Rights Offering to Holders of Equity Stock Interests, however, will be conducted post-confirmation of the Equity Committee Plan.
- The Equity Committee and its financial advisors believe that the Debtors' Plan significantly undervalues the value of Reorganized Tronox. Because the Debtors' Plan undervalues Reorganized Tronox, a greater portion of the New Common Stock will be distributed to a certain ad hoc group of bondholders (the "Ad Hoc Bondholders") that are backstopping the Debtors' Rights Offering, to the detriment of all of the other creditors and equity interest holders in this case. Additionally, as noted above, Holders of Equity Stock Interests will not be given an opportunity to participate in the rights offering that will be conducted pursuant to the Debtors' Plan.
- ~~Under the Equity Committee Plan, 54% of the New Common Stock will go to Holders of Allowed General Unsecured Claims as compared to 50.9% under the Debtors' Plan. This represents a significantly higher recovery received in primary equity that is not based on the requirement to participate in a rights offering. Unlike the Debtors' Plan, the Equity Committee Plan contemplates 100% recovery on a fully-diluted basis at the valuation of \$1.25 billion. Accordingly, under the Equity Committee Plan, General Unsecured Creditors will receive 100% recovery after dilution from the Plan Equity Sponsor Commitment Premium as well as potential dilution from New Warrants.~~
- The Equity Committee Plan seeks to preserve the settlements reached with the Governmental Environmental Entities and the Holders of Tort Claims and will provide those entities with an equal or greater recovery than that which they would otherwise receive in the Debtors' Plan. However, the Equity Committee reserves the right to challenge the allowance and amount of claims of the Governmental Environmental Entities and Holders of Tort Claims and/or to modify

the treatment of such claims if any classes of such claim vote to reject the proposed treatment in the Equity Committee Plan.

- The Equity Committee Plan also provides value to the public shareholders of Tronox in the form of New Warrants and the ability to participate in a portion of the Rights Offering. Under the Debtors' Plan, the public shareholders will receive warrants that the Equity Committee believes are essentially valueless and then, only if the class of shareholders votes in favor of the Debtors' Plan. The Equity Committee believes that the Debtors' Plan does not adequately value Reorganized Tronox and, as a result, deprives the public shareholders of recovery to which they are legally entitled. The Equity Committee intends to challenge confirmation of the Debtors' Plan because it does not believe that the Debtors' Plan is confirmable under the requirements of the Bankruptcy Code.
- The Equity Committee Plan also provides the necessary financing for Reorganized Tronox's operations post-emergence.

### **III. DEEMED SUBSTANTIVE CONSOLIDATION OF THE TRONOX DEBTORS' ESTATES**

Like the Debtors' Plan, the Equity Committee Plan also contemplates the deemed substantive consolidation of the estates of each of the Tronox Debtors for purposes of voting and distributions. Holders of Allowed Claims against or Equity Interests in each of the Tronox Debtors will receive the same recovery provided to other Holders of Allowed Claims or Equity Interests in the applicable Class and will be entitled to their share of consideration available for distribution to such Class. The filing of the Equity Committee Plan and Disclosure Statement shall constitute the Equity Committee's motion for and entry of the Confirmation Order shall constitute the approval, pursuant to section 105(a) of the Bankruptcy Code, effective as of the Effective Date, of the substantive consolidation of these chapter 11 cases for certain limited purposes related to the Plan, including voting, confirmation, and distribution.

If the deemed substantive consolidation of all of the Estates is ordered, then on and after the Effective Date, all assets and liabilities of the Tronox Debtors shall be treated as though they were merged into the Estate of Tronox Incorporated for all purposes associated with voting and Distributions, and, subject to Article II of the Plan, all guarantees by any Tronox Debtor of the obligations of any other Tronox Debtor shall be eliminated so that any Claim and any guarantee thereof by any other Tronox Debtor, as well as any joint and several liability of any Tronox Debtor with respect to any other Tronox Debtor shall be treated as one collective obligation of the Tronox Debtors. Deemed substantive consolidation shall not affect the legal and organizational structure of Reorganized Tronox or its separate corporate existence or that of its subsidiaries and affiliates or any prepetition or postpetition guarantees, Liens, or security interests that are required to be maintained under the Bankruptcy Code, under the Plan, any contract, instrument or other agreement or document pursuant to the Plan, or, in connection with contracts or leases that were assumed or entered into during the Chapter 11 Cases. Any alleged defaults under any applicable agreement with the Tronox Debtors, Reorganized Tronox or their Affiliates arising from deemed substantive consolidation under the Plan shall be deemed cured as of the Effective Date.

The foregoing notwithstanding, the Equity Committee reserves all of rights to contest whether and to what extent deemed substantive consolidation is appropriate if the Plan is not confirmed. Notwithstanding the deemed substantive consolidation provided for herein, nothing shall affect the obligation of each and every Tronox Debtor to pay Quarterly Fees to the Office of the United States Trustee Pursuant to 28 U.S.C. §1930 until such time as a particular case is closed, dismissed or converted

### **IV. ~~III~~-QUESTIONS AND ANSWERS REGARDING THIS DISCLOSURE STATEMENT AND THE EQUITY COMMITTEE PLAN**

#### ***A. Why is the Equity Committee sending me the Equity Committee Disclosure Statement?***

The Equity Committee is seeking to obtain Bankruptcy Court approval for the Equity Committee Plan. Prior to soliciting acceptances of the Equity Committee Plan, section 1125 of the Bankruptcy Code requires a plan

proponent to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment regarding acceptance of a proposed plan. This Disclosure Statement is being submitted in accordance with such requirements. While the Debtors have also filed and distributed the Debtors' Disclosure Statement, the Debtors' Disclosure Statement describes the Debtors' Plan. The Equity Committee Plan is materially different (and the Equity Committee submits results in materially greater recoveries for Tronox stakeholders) from the Debtors' Plan. The Equity Committee submits this Equity Committee Disclosure Statement to describe the Equity Committee Plan and explain the differences, in the Equity Committee's view, between the Debtors' Plan and the Equity Committee Plan.

***B. Am I entitled to vote on the Equity Committee Plan? What will I receive from Tronox if the Equity Committee Plan is consummated?***

Your ability to vote and your distribution, if any, depend on what kind of Claim or Equity Interest you hold. The Classes of Claims and Equity Interests and their respective voting statuses and anticipated recoveries are as follows:

<b>Class</b>	<b>Claims and Equity Interests</b>	<b>Status</b>	<b>Voting Rights</b>
Class 1	Priority Non-Tax Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 2	Secured Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 3	General Unsecured Claims	Impaired	Entitled to Vote
Class 4	Tort Claims	Impaired	Entitled to Vote
Class 5	Environmental Claims	Impaired	Entitled to Vote
Class 6	Indirect Environmental Claims	Impaired	Entitled to Vote
Class 7	Convenience Claims	Impaired	Entitled to Vote
Class 8	Equity Stock Interests	Impaired	Entitled to Vote
Class 9	Other Equity Interests	Impaired	Not Entitled to Vote (Deemed to Reject)

The Equity Committee Plan provides for the following treatment of Claims and Equity Interests. The chart below summarizes the treatment of Claims and Interests and provides a comparison to the treatment of claims and interests in the Debtors' Plan:

<b>Class</b>	<b>Claims and Equity Interests</b>	<b>Treatment in Equity Committee Plan</b>	<b>Estimated Recovery in Equity Committee Plan<sup>2</sup></b>	<b>Treatment in Debtors' Plan</b>	<b>Estimated Recovery in Debtors' Plan<sup>3</sup></b>
Class 1	Priority Non-Tax Claims	Payment in full in cash on Effective Date	100%	Payment in Full in Cash on Effective Date	100%
Class 2	Secured Claims	Reinstatement of obligations and liens, cash for the value of collateral or such other treatment as agreed between Debtors and Holders of Secured Claims	100%	Same treatment.	100%
Class 3	General Unsecured Claims	54% of Reorganized Tronox's New Common Stock and opportunity to participate in Rights Offering to purchase additional 28.1% of New Common Stock, subject to dilution from New Warrants and shares issued pursuant to the Management Equity <del>Incentive</del> Plan.	100%	50.9% of Reorganized Tronox's New Common Stock and opportunity to participate in rights offering to purchase remainder of New Common Stock	75-100%
Class 4	Tort Claims	Settlement as described in detail below creating a trust funded by rights to 12% of the Anadarko Litigation, \$15 million in cash, and certain insurance assets.	N/A	Same treatment, except lower cash payment of \$12.5 million.	N/A
Class 5	Environmental Claims	Settlement as described in detail below creating custodial trusts funded by rights to 88% of the Anadarko Litigation, \$275 million in cash, Environmental Trust Assets,	N/A	Same treatment, except for lower cash payment of \$270 million	N/A

<sup>2</sup> Estimated recoveries in the Equity Committee Plan assume a midpoint valuation range of Reorganized Tronox of \$1.25 billion. Please see the Valuation Analysis attached hereto as Exhibit C for additional information regarding valuation.

<sup>3</sup> Estimated recoveries in the Debtors' Plan are based upon the Debtors' valuation of Reorganized Tronox and are as provided in the Debtors' Disclosure Statement. The Equity Committee believes that the Debtors' Plan substantially undervalues the value of Reorganized Tronox.

Class	Claims and Equity Interests	Treatment in Equity Committee Plan	Estimated Recovery in Equity Committee Plan <sup>2</sup>	Treatment in Debtors' Plan	Estimated Recovery in Debtors' Plan <sup>3</sup>
		Nevada Assets, and certain insurance assets.			
Class 6	Indirect Environmental Claims	50% treatment as unsecured claims and 50% treatment as set forth in the Torts settlement.	100%	Same treatment.	N/A
Class 7	Convenience Claims	Payment in cash of 100% of claim.	100%	Payment in cash of 89% of claim.	89%
Class 8	Equity Stock Interests in Tronox Incorporated	New Warrants and opportunity to participate in Rights Offering to purchase additional 14.5% of New Common Stock, subject to dilution from New Warrants and shares issued pursuant to Management Equity <del>Incentive</del> Plan.	\$2.40 per share	New Warrants with higher strike price only if class votes to accept the plan.	\$0.02 to \$0.10 per share
Class 9	Other Equity Interests	No Recovery	0%	No Recovery	0%

For more information about the treatment of Claims and Equity Interests see “Classification and Treatment of Claims Against and Equity Interests in Tronox under the Equity Committee Plan,” which begins on page 17.

***C. Will the Holders of Equity Stock Interests Receive a Distribution under the Equity Committee Plan?***

Yes, the holders of Equity Stock Interests will receive a distribution under the Equity Committee Plan. The ultimate amount of this distribution, however, is dependent upon the total enterprise valuation of Reorganized Tronox. The Equity Committee Plan is based on a valuation range of **\$1.2 to 1.3 billion, with a midpoint of \$1.25 billion**. The chart below identifies a range of possible estimated recoveries for holders of Equity Stock Interests based upon the valuation range. For additional information regarding the Equity Committee’s methodology and valuation of Reorganized Tronox, please refer to the Valuation Analysis attached hereto as Exhibit C.

**Valuation of Reorganized Tronox**

	\$1.2 billion	\$1.25 billion	\$1.3 billion
Plan Equity Value Per Share	\$17.50	\$18.65	\$19.80
Estimated Recovery for Equity Stock Interests in Class 8 Per Share	<del>\$2.07</del> <u>1.21</u>	\$2.40	<del>\$2.72</del> <u>3.55</u>
Estimated Recovery for General Unsecured Creditors	100%	100%	100%



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***D. If the Equity Committee Plan provides that I get a distribution, do I get it upon Confirmation or when the Equity Committee Plan goes effective, and what do you mean when you refer to “Confirmation,” “Effective Date” and “Consummation”?***

Confirmation of the Equity Committee Plan does not guarantee that you will receive the distribution indicated under the Equity Committee Plan. After Confirmation of the Equity Committee Plan by the Bankruptcy Court, there are conditions (described in Article XVIII of the Equity Committee Plan) that need to be satisfied or waived so that the Equity Committee Plan can be consummated and go effective. References to the Effective Date mean the date that all conditions to the Equity Committee Plan have been satisfied or waived and when the Equity Committee Plan is fully consummated. Distributions will only be made after Consummation of the Equity Committee Plan. See “Confirmation of the Equity Committee Plan,” which begins on page 31, for a discussion of the conditions to Consummation.

***E. Where is the cash required to fund the Equity Committee Plan coming from?***

Tronox shall fund Distributions under the Plan in part with Cash on hand, including Cash from operations, the proceeds of the Exit Credit Facility and the Rights Offering, and the proceeds from the Tiwest Sale, if applicable. See “Capital Structure of Reorganized Tronox Upon Consummation,” which begins on page 27 and “The Rights Offering,” which begins on page 14.

***F. How is the Equity Committee Plan going to be implemented?***

The Equity Committee Plan will be implemented in accordance with Article IV of the Equity Committee Plan attached hereto as Exhibit A. The New Common Stock will be issued by Reorganized Tronox.

***G. Will the interests in the Anadarko Litigation Trust be freely transferable?***

No, the interests in the Anadarko Litigation Trust are not freely transferable. See “The Anadarko Litigation Trust,” which begins on page 15.

***H. Are there risks to owning an interest in Reorganized Tronox or in the Anadarko Litigation Trust upon emergence from bankruptcy?***

Yes, please see “Risk Factors,” which begins on page 43.

***I. Is there potential litigation related to the Equity Committee Plan?***

Yes, in the event it becomes necessary to confirm the Equity Committee Plan over the rejection of Class 3, 4, 5, 6 or 7 the Equity Committee does anticipate litigation being necessary, and such litigation may be significant. If, however, all of Classes 3, 4, 5, ~~6~~6, 7 and ~~7~~8 vote to reject the Equity Committee Plan, the Equity Committee cannot seek to confirm the Equity Committee Plan over such rejection. Additionally, because both the Debtors’ Plan and Equity Committee Plan are being solicited at the same time, there will be litigation at the confirmation hearing with respect to each of the competing plans and with respect to the valuation of Reorganized Tronox. Only one plan may be confirmed at the Confirmation Hearing.

***J. What are the contents of the solicitation packages to be sent to creditors and equity security holders who are eligible to vote on the Equity Committee Plan?***

Creditors and holders of Equity Interests who are eligible to vote on the Equity Committee Plan will receive appropriate solicitation materials, including:

- the appropriate ballot and applicable voting instructions;



- a pre-addressed, postage pre-paid return envelope; and
- this Disclosure Statement with all exhibits, including the Equity Committee Plan.
- Creditors and holders of Equity Interests who are eligible to vote on the Debtors' Plan will also receive the Debtors' Disclosure Statement and related materials.

The notices sent to parties in interest will indicate that this Disclosure Statement, the Equity Committee Plan and all of the exhibits thereto are (and, in the future, the Plan Supplement will be) available for viewing by any party upon written request to the Equity Committee's counsel at Pillsbury Winthrop Shaw Pittman LLP, 1540 Broadway, New York, New York 10036, Attention: Brandon Johnson, or by downloading such exhibits and documents from the website of Tronox's notice, claims, and balloting agent at [www.kccllc.net/tronox](http://www.kccllc.net/tronox) or the Bankruptcy Court's website at [www.deb.uscourts.gov](http://www.deb.uscourts.gov).

**K.** ***Should Equity Interest Holders vote on the Debtors' proposed plan of reorganization?***

The Debtors have filed a separate, competing plan of reorganization. Under the Debtors' Plan, holders of Equity Interests will receive their Pro Rata share of New Warrants if, and only if, the class containing Equity Interests vote in favor of the Debtors' Plan. According to the Debtors' Disclosure Statement, the value of the New Warrants to the holders of Equity Interests is between \$.02 to \$.10 for each New Warrant issued. If the holders of Equity Interests vote to reject the Debtors' Plan, holders of Equity Interests will not receive the New Warrants and will receive no recovery under the Debtors' Plan. THE EQUITY COMMITTEE RECOMMENDS THAT HOLDERS OF EQUITY INTERESTS SHOULD VOTE TO REJECT THE DEBTORS' PLAN.

The Equity Committee intends to contest the Debtors' valuation at the hearing on confirmation of the Debtors' Plan, if not earlier, and will argue that there should be value available for recovery by the holders of Equity Interests and that the Debtors' Plan, as proposed, is not confirmable. If holders of Equity Interests vote to accept the Debtors' Plan, this vote could negatively impact the Equity Committee's ability to contest confirmation of the Debtors' Plan, assert Tronox's true enterprise value, and pursue alternatives for greater recovery to the holders of Equity interests. HOWEVER, IF HOLDERS OF EQUITY INTERESTS VOTE TO REJECT THE DEBTORS' PLAN AND THE EQUITY COMMITTEE IS UNSUCCESSFUL IN ITS OBJECTION TO CONFIRMATION OF THE DEBTORS' PLAN, THERE MAY BE NO RECOVERY TO HOLDERS OF EQUITY INTERESTS.

The outcome of contested litigation proceedings cannot be predicted with certainty. if the Court adopts the valuation of Tronox in the Debtors' Plan and/or rejects the Equity Committee's analyses concerning valuation, the Debtors will proceed with confirmation of the Debtors' Plan. In that event, according to the Debtors' current valuation and projections, the holders of Equity Interests would not receive any recovery in these cases. Additionally, if the Court does not confirm the Debtors' Plan, there is no assurance that any alternative plan or resolution will provide any recovery to holders of equity interests. In that case, holders of equity interests may receive no distribution.

**L.** ***What is the Rights Offering and who will be eligible to participate in the Rights Offering?***

Under the Equity Committee Plan, (i) Holders of Allowed General Unsecured Claims in excess of \$250, (ii) Holders of Indirect Environmental Claims in excess of \$500, (c) Holders of Equity Stock Interests that are "accredited investors" as such term is defined in Rule 501 of Regulation D of the rules and regulations promulgated under the Securities Act of 1933, as amended, and (d) all other Holders of Equity Stock Interests to the extent such participation is compatible with the exemptions to registration set forth in section 1145 of the Bankruptcy Code (the "Eligible Holders") will have the opportunity to participate in a \$185 million rights offering (the "Rights Offering") that will be backstopped by certain parties who have agreed to backstop the Rights Offering (the "Plan Equity

Sponsors”).<sup>4</sup> Participants in the Rights Offering would receive 46% of the equity in Reorganized Tronox subject to dilution from new warrants, the Plan Equity Sponsor Commitment Premium and shares issued pursuant to the Management Equity ~~Incentive~~ Plan.

The determination of which Holders of Equity Stock Interests will be “Eligible Holders” entitled to participate in the Rights Offering will depend, in part, upon the Court-determined valuation of Reorganized Tronox and the application of certain securities laws. The Equity Committee will endeavor to conduct the broadest possible offering permissible under law to shareholders of Tronox Inc., without requiring registration for such offering pursuant to the Securities Act of 1933. Specifically, to the extent that the all Holders of Equity Stock Interests may participate in the Equity Committee’s Rights Offering under the exemption to registration provided for by section 1145 of the Bankruptcy Code, the Plan provides that all Holders of Equity Stock Interests shall be eligible to participate in the Rights Offering. The application of section 1145 involves, among other things, a valuation of the Interests and Rights associated with the Equity Committee’s Rights Offering to Holders of Equity Stock Interests. The Plan provides that only those Holders of Equity Stock Interests that are “accredited investors” as such term is defined in Rule 501 of Regulation D of the rules and regulations promulgated under the Securities Act of 1933, as amended, can participate in the Rights Offering. If you are a Holder of an Equity Stock Interest, you should confer with your own legal advisors to help determine whether or not you may be an Eligible Holder entitled to participate in the Rights Offering.

**M     ~~L~~ Will Reorganized Tronox file reports with the SEC?**

Reorganized Tronox expects to be filing reports with the SEC after the consummation of the Equity Committee Plan as it expects to be subject to the public reporting requirements of the United States Securities Exchange Act of 1934, as amended, and the regulations promulgated thereunder, and it expects to be a reporting issuer in the United States after the consummation of the Equity Committee Plan.

Tronox will use commercially reasonable efforts to list the shares of New Common Stock on the New York Stock Exchange or the NASDAQ Stock Market as soon as reasonably practical after the Effective Date. It is anticipated that if listed on the New York Stock Exchange or the NASDAQ Stock Market, the shares of New Common Stock will be freely tradable by the holders thereof.

**N     ~~M~~ What rights will Tronox’s new stockholders have?**

Each Holder of New Common Stock issued under the Equity Committee Plan will be entitled to one vote per share of New Common Stock on all matters subject to a vote of holders of common stock under applicable law and will be entitled to a pro rata share of any dividends that are declared by the board of directors of Reorganized Tronox. The New Common Stock shall be the sole class of voting stock of Reorganized Tronox.

**O     ~~N~~ Where will Reorganized Tronox be organized?**

Reorganized Tronox likely will be organized in the United States under the Delaware General Corporation Law. The decision will depend in part upon further discussion with certain of our creditors. Final resolution on this point is expected to be disclosed in the Plan Supplement.

**P     ~~O~~ How do I vote for or against the Equity Committee Plan?**

The Equity Committee is distributing this Disclosure Statement, accompanied by a ballot or ballots to be used for voting on the Equity Committee Plan, to the Holders of Claims and Holders of Equity Interests entitled to

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<sup>4</sup> For the avoidance of doubt, the Plan Equity Sponsors take no position with regard to this Disclosure Statement or the statements made herein by the Equity Committee. Instead, the Plan Equity Sponsors’ only role in the Equity Committee Plan is to provide the backstop funding sufficient to consummate the Rights Offering.

vote on the Equity Committee Plan. If you are a Holder of Claims or Equity Interests in the Classes 3, 4, 5, 6, 7 or 8, you may vote for or against the Equity Committee Plan by completing the ballot and returning it in the envelope provided. The Equity Committee is not soliciting votes from Holders of Unimpaired Claims in Classes 1 and 2 because those Holders are conclusively presumed or are otherwise deemed to have accepted the Plan. Similarly, the Equity Committee is not soliciting votes from Holders of Other Equity Interests in Class 9 because such Holders are conclusively presumed or are otherwise deemed to have rejected the Plan.

If you believe that your Claim against Tronox has been placed in the wrong Class or misclassified as a non-voting Claim, then you must file with the Bankruptcy Court and serve on the Equity Committee's counsel with a motion for an order, pursuant to Bankruptcy Rule 3018(a), temporarily allowing your Claim in a different Class for purposes of voting to accept or reject the Plan, on or before [ ], 2010 at 5:00 p.m. (PT), or within ten days after service of an objection to your Claim if an objection is filed on or after October 5, 2010. If you and the Equity Committee are unable to consensually resolve any such dispute, a hearing will be scheduled before the Bankruptcy Court on such dispute.

Kurtzman Carson Consultants LLC, shall serve as the voting agent, answer questions, provide additional copies of all materials, and oversee the voting process. The voting agent will also process and tabulate ballots for each Class entitled to vote to accept or reject the Equity Committee Plan.

Q ~~P~~ *What is the deadline to vote on the Equity Committee Plan?*

**~~THIS DISCUSSION OF THE SOLICITATION AND VOTING PROCESS IS ONLY A SUMMARY. PLEASE REFER TO THE SOLICITATION PROCEDURES ORDER TO BE APPROVED BY THE BANKRUPTCY COURT FOR A MORE COMPREHENSIVE DESCRIPTION OF THE SOLICITATION AND VOTING PROCESS~~**

**The Voting Deadline is 5:00 p.m. Pacific Time on [ ], 2010.** To be counted as votes to accept or reject the Plan, all Ballots must be properly executed, completed and delivered (either by using the return envelope provided, by first class mail, overnight courier or personal delivery) so that they are **actually received** on or before the Voting Deadline by the Notice and Claims Agent as follows:

#### **DELIVERY OF BALLOTS**

Ballots must be **actually received** by the Notice and Claims Agent by the Voting Deadline of **5:00 p.m. (Pacific Time) on [ ], 2010** at the following address:

Kurtzman Carson Consultants LLC  
**Attn: Tronox Incorporated Balloting**  
2335 Alaska Avenue  
El Segundo, CA 90245

If you received an envelope addressed to your nominee, please allow enough time when you return your ballot for your nominee to cast your vote on a Ballot or Master Ballot before the Voting Deadline.

If you have any questions on the procedure for voting on the Plan, please call the Kurtzman Carson Consultants LLC at the following telephone number:

**(866) 967-0675**

More detailed instructions regarding how to vote on the Equity Committee Plan are contained on the ballots distributed to Holders of Claims that are entitled to vote on the Equity Committee Plan. For your vote to be counted, your ballot must be completed, signed and received by **5:00 p.m., prevailing Pacific Time, on [ ] [ ], 2010**.

Any ballot that is properly executed by the Holder of a Claim or Holder of an Equity Interest, but which does not clearly indicate an acceptance or rejection of the Equity Committee Plan or which indicates both an acceptance and a rejection of the Equity Committee Plan, will be counted as an acceptance of the Equity Committee Plan.

Each Holder of a Claim or Holder of an Equity Interest may cast only one ballot for each Claim held. By signing and returning a ballot, each Holder of a Claim or Holder of an Equity Interest in Classes 3, 4, 5, 6, 7 and 8 will certify to the Bankruptcy Court, the Equity Committee and Tronox that no other ballots with respect to such Claim or Equity Interest have been cast or, if any other ballots have been cast with respect to such Class of Claims or Equity Interests, such earlier ballots are superseded and revoked.

All ballots are accompanied by return envelopes. It is important to follow the specific instructions provided on each ballot. For a more comprehensive description of the solicitation process, including information on voting by nominees, see the Solicitation Procedures Order to be approved by the Bankruptcy Court.

**THIS DISCUSSION OF THE SOLICITATION AND VOTING PROCESS IS ONLY A SUMMARY. PLEASE REFER TO THE SOLICITATION PROCEDURES ORDER TO BE APPROVED BY THE BANKRUPTCY COURT FOR A MORE COMPREHENSIVE DESCRIPTION OF THE SOLICITATION AND VOTING PROCESS**

**R.     ~~Q.~~ *When is the Confirmation Hearing expected to occur?***

**The Confirmation Hearing will commence at [    ] a.m. Eastern Time on [    ], 2010.** The Confirmation Hearing will be held before the Honorable Allan L. Gropper in the Bankruptcy Court, Room 617, One Bowling Green, New York, New York 10004-1408. At least 25 days before the Plan Objection Deadline, the Tronox Debtors will (a) serve the Confirmation Hearing Notice upon all known creditors of Tronox and (b) publish the Confirmation Hearing Notice in the national edition of the *Wall Street Journal* and *The Oklahoman*, which will contain, among other things, details regarding voting on and objecting to Confirmation, including the Voting Deadline and the Plan Objection Deadline, and the date, time and location of the Confirmation Hearing. The Confirmation Hearing Notice will also be posted on Tronox's restructuring website (<http://www.kccllc.net/tronox>). **The Confirmation Hearing may be adjourned from time to time without further notice except for an announcement of the adjourned date made before or at the Confirmation Hearing or any adjournment thereof.**

**S.     ~~R.~~ *May I Object to the Equity Committee Plan and/or the Debtors' Plan?***

The deadline for filing all objections to the Equity Committee Plan and/or the Debtors' Plan is **[    ] p.m. Eastern Time on [    ], 2010.** This means that written objections to Confirmation, if any, that conform to the applicable provisions of the Solicitation Procedures Order to be approved by the Bankruptcy Court, the Bankruptcy Code, the Bankruptcy Rules and the Local Bankruptcy Rules must be filed, together with a proof of service, with the Bankruptcy Court and served so as to be **actually received** on or before the Plan Objection Deadline by the following parties:

- **Counsel to Tronox:** Kirkland & Ellis LLP, Attn: Jonathan S. Henes, Esq., Patrick J. Nash, Jr., Esq., and Nicole L. Greenblatt, Esq., 601 Lexington Avenue, New York, New York 10022;
- **Counsel to the Creditors' Committee:** Paul, Weiss, Rifkind, Wharton & Garrison LLP, Attn: Brian S. Hermann, Esq. and Elizabeth McColm, Esq., 1285 Avenue of the Americas, New York, New York, 10019;
- **United States:** Office of the United States Attorney for the Southern District of New York, Attn: Robert Yalen, Esq. and Tomoko Onozawa, Esq., 86 Chambers Street, 3rd Floor, New York, New York 10007;

- Counsel to the Postpetition Secured Lenders: Latham & Watkins LLP, Attn: Richard A. Levy, Esq., 233 South Wacker Drive, Suite 5800, Chicago, Illinois 60606;
- Counsel to the Equity Committee: Pillsbury Winthrop Shaw Pittman LLP, Attn: Craig A. Barbarosh, Esq., David A. Crichlow, Esq. and Karen B. Dine, Esq., 1540 Broadway, New York, New York 10036; and
- Office of the United States Trustee: Attn: Susan D. Golden, Esq.; 33 Whitehall Street, 21st Floor, New York, New York 10004.

**T ~~S~~. What Happens if the Equity Committee Plan is Confirmed?**

Following Confirmation, subject to Article IX of the Plan, the Plan will be consummated on the Effective Date. Among other things, on the Effective Date, certain release, injunction, exculpation and discharge provisions set forth in Article VIII of the Plan will become effective. As such, it is important to read the provisions contained in Article VIII of the Plan very carefully so that you understand how Confirmation and Consummation of the Plan – which effectuates such provisions – will affect you and any Claim you may hold against, or Equity Interest in, Tronox so that you cast your vote accordingly. **The releases described in Article VIII of the Plan provide that Holders of Claims and Equity Interests are bound by the releases described therein, regardless of whether the Holder of such Claim or Equity Interest votes to accept or reject the Plan.** Further discussion of the releases contemplated in the Plan is provided in section IV of this Disclosure Statement.

**THE PLAN WILL BIND ALL HOLDERS OF CLAIMS AGAINST, AND EQUITY INTERESTS IN, TRONOX TO THE FULLEST EXTENT AUTHORIZED OR PROVIDED UNDER THE BANKRUPTCY CODE, INCLUDING SECTIONS 524 AND 1141 THEREOF, AND BY ALL OTHER APPLICABLE LAW**

## V. ~~IV.~~ TRONOX'S HISTORY AND THE CHAPTER 11 CASES

Please see Articles II, III, and IV of the Debtors' Disclosure Statement for a detailed review of Tronox's History and the Chapter 11 Cases, including (i) Company Overview, (ii) Tronox's Business Operations, (iii) Tronox's Corporate History, (iv) Tronox's Prepetition Capital Structure, (v) Tronox's Organizational Structure, (vi) Events that Led to the Chapter 11 Cases, (vii) Tronox's Chapter 11 Cases and Developments Therein, and (viii) Summary of the Debtors' Plan.

## VI. ~~V.~~ THE RIGHTS OFFERING

The Rights Offering shall be consummated in accordance with the Rights Offering Procedures, the form of which is set forth as an exhibit to the Plan Equity Sponsor Agreement. The Rights Offering consists of an offering of New Common Stock for \$185 million in Cash, which shall be open to all Eligible Holders. The par value of the New Common Stock will be \$0.01 with a per share Equity Plan Value of \$18.65. Eligible Holders and the Plan Equity Sponsors will be given "Rights" to purchase shares of New Common Stock on a Pro Rata basis, based on an approximately 30% discount to Total Enterprise Value. The Plan Equity Sponsors shall purchase any of the New Common Stock that is part of the Offering Amount that is not purchased by Eligible Holders. The balance of the New Common Stock issued through the Plan shall be distributed through the Plan to holders of Allowed Claims in Classes 3 and 6 as provided in Article III of the Plan. Additionally, the New Board will establish the Management Equity ~~Incentive~~ Plan that will provide for the issuance of certain equity-based ~~awards exercisable up to 5% of the New Common Stock, with a strike price at least equal to the Rights Offering Price~~ award, in a form reasonably acceptable to Tronox, the Creditors' Committee, the Equity Committee and the Required Plan Equity Sponsors. Eligible Holders will receive separate documentation for the purposes of being able to exercise the Rights and must comply with the instruction materials in order to subscribe for Rights.

To provide assurance that the Offering Amount of the Rights Offering will be fully subscribed and the Rights Offering is consummated in respect of the entire Offering Amount, the Plan Equity Sponsors have committed to backstop the Offering Amount on the terms described in the Plan Equity Sponsor Agreement, including satisfaction of the Plan Equity Sponsor Commitment Premium representing 8% of the Offering Amount. The Plan Equity Sponsor Commitment Premium shall be earned upon entry of the Approval Order and will be payable on the Effective Date, whether or not any Unsubscribed Shares are purchased pursuant to the terms of the Plan Equity Sponsor Agreement and will be nonrefundable when paid. Notwithstanding the foregoing, if the Effective Date should not occur and the Plan Equity Sponsor Agreement is terminated in accordance with its terms, (i) the Plan Equity Sponsor Commitment Premium shall be paid by the Debtors in Cash and shall be 6% of the Offering Amount, and (ii) the full amount of the Plan Equity Sponsor Commitment Premium shall constitute an administrative expense of the Tronox Debtors under sections 364(c)(1) and/or 503(b) of the Bankruptcy Code, as applicable. The Rights Offering shall be conducted in accordance with the Rights Offering Procedures, the form of which is set forth as an exhibit to the Plan Equity Sponsor Agreement.

For the avoidance of doubt, if the Bankruptcy Court does not enter the Approval Order prior to solicitation of votes on both the Debtors' Plan and the Equity Committee's Plan, the Plan Equity Sponsors shall have no obligation to perform under the Plan Equity Sponsor Agreement (including, without limitation, to backstop the Offering Amount) and shall not incur any liability or damages to any person or party as a result thereof.

## VII. ~~VI.~~ THE ANADARKO LITIGATION TRUST

On the Effective Date, Tronox will establish the Anadarko Litigation Trust, to which it will contribute its rights to the Anadarko Litigation. The Anadarko Litigation Trust will be governed by the Anadarko Litigation Trust Agreement, which is included in the Plan Supplement.

### **A. Management and Funding of the Anadarko Litigation Trust**

The United States and Tronox, in consultation with certain representatives of Holders of Tort Claims and certain other Government Environmental Entities, shall jointly appoint the Anadarko Litigation Trustee to



administer the Anadarko Litigation Trust. The United States shall have the right to approve the Anadarko Litigation Trustee. The Anadarko Litigation Trust will be funded on the Effective Date by a portion of the Funded Environmental Amount, as set forth in the Environmental Claims Settlement Agreement (which, for the avoidance of doubt, may be \$0). Representatives of the United States, certain other Governmental Environmental Entities and certain representatives of the holders of Tort Claims will have certain agreed rights concerning the pursuit of the Anadarko Litigation. The Anadarko Litigation Trust Agreement provides that Reorganized Tronox shall have no responsibility, obligation or liability with respect to the Anadarko Litigation, other than to retain or transfer to the Anadarko Litigation Trustee books, records and documents relevant to the Anadarko Litigation and to use commercially reasonable efforts to cooperate with the Anadarko Litigation Trustee and provides that the Anadarko Litigation Trust will reimburse Reorganized Tronox for its reasonable and documented expenses incurred in cooperating with the Anadarko Litigation Trustee. The Anadarko Litigation Trust Agreement also will provide for Reorganized Tronox to have access to the expert liability report being prepared in connection with the Anadarko Litigation, as well as to the expert drafting such report.

Fees, costs and expenses incurred in connection with the administration of the Anadarko Litigation Trust and the prosecution of the Anadarko Litigation after the Effective Date, including fees and expenses incurred by professionals retained by the Anadarko Litigation Trustee, shall be borne by the Anadarko Litigation Trust and Reorganized Tronox shall have no responsibility, obligation or liability with respect thereto. Professional fees and expenses may be paid in accordance with the terms of a special fee arrangement with the Anadarko Litigation Trust, which the United States shall negotiate in good faith with certain other Government Environmental Entities and certain representatives of Holders of Tort Claims. For the avoidance of doubt, the Anadarko Litigation Trust shall not be liable for any fees, costs or expenses incurred in connection with the prosecution of the Anadarko Litigation prior to the Effective Date.

#### ***B. Assets of the Anadarko Litigation Trust***

The Anadarko Litigation Trustee shall (a) pursue the Anadarko Litigation and (b) distribute any recovery as a result thereof as follows: (i) 88% to the Government Environmental Entities in accordance with the Environmental Claims Settlement Agreement and the Environmental Response Trust Agreements and (ii) 12% to the Holders of Tort Claims by delivery to the Tort Claims Trust. Pursuant to the Anadarko Litigation Trust Agreement, the United States has the right to approve or reject any proposed settlement of the Anadarko Litigation, after consultation with certain other Government Environmental Entities and certain representatives of holders of Tort Claims.

In addition, the United States, separate from its participation in the Anadarko Litigation Trust, shall continue to enjoy the rights to participate in the Anadarko Litigation provided to it under the Order Approving Revised Stipulation and Order with Respect to Federal Debt Collection Procedures Act, signed August 20, 2009 [Adv. Proc. No. 09-01198, Dkt. No. 52].

### **VIII. ~~VII.~~ SUMMARY OF THE PLAN**

#### ***A. Treatment of Unclassified Claims***

##### ***(i) General Administrative Claims.***

As specified in Article II of the Plan, unless otherwise agreed to by the Holder of a General Administrative Claim (which do not include Environmental Claims) and Tronox (with the consent of the Equity Committee and the Required Plan Equity Sponsors) or Reorganized Tronox, as applicable, each Holder of an Allowed General Administrative Claim will receive, in full satisfaction of its General Administrative Claim, Cash equal to the amount of such Allowed General Administrative Claim either: (a) on the Effective Date; (b) if the General Administrative Claim is not Allowed as of the Effective Date, 30 days after the date on which an order allowing such General Administrative Claim becomes a Final Order, or as soon thereafter as reasonably practicable; or (c) if the Allowed General Administrative Claim is based on a liability incurred by Tronox in the ordinary course of their business during the Postpetition Period (including any reasonable fees and expenses as provided for in the Plan Equity Sponsor Agreement), pursuant to the terms and conditions of the particular transaction giving rise to such Allowed General Administrative Claims, without any further action by the Holder of such Allowed General Administrative

Claim. For the avoidance of doubt, the fees and expenses of the Plan Equity Sponsors (including any such fees and expenses of their advisors), shall, unless approved and paid pursuant to the Approval Order, constitute Allowed General Administrative Claims and shall be paid upon presentment of invoices to the Debtors of any such fees and expenses.

(a) *Administrative Claims Bar Date*

Except as otherwise provided in Article II of the Plan, requests for payment of Administrative Claims must be filed and served on Reorganized Tronox pursuant to the procedures specified in the Confirmation Order (and the notice of entry of the Confirmation Order) no later than 60 days after the Effective Date. Holders of Administrative Claims that are required to, but do not, file and serve a request for payment of such Administrative Claims by such date shall be forever barred, estopped and enjoined from asserting such Administrative Claims against Tronox or Reorganized Tronox or their property and such Administrative Claims shall be deemed discharged as of the Effective Date. Objections to such requests, if any, must be filed and served on Reorganized Tronox and the requesting party no later than 90 days after the Effective Date. Notwithstanding the foregoing, no request for payment of an Administrative Claim need be filed with respect to an Administrative Claim previously Allowed by Final Order, including all Administrative Claims expressly Allowed under this Plan.

(ii) Professional Compensation.

(a) *Final Fee Applications.*

All final requests for payment of Professional Fee Claims, including the Holdback Amount and Professional Fee Claims incurred during the period from Petition Date through the Confirmation Date, must be filed with the Bankruptcy Court and served on Tronox and counsel to the Creditors' Committee no later than 60 days after the Confirmation Date. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code and prior orders of the Bankruptcy Court in the Chapter 11 Cases, the allowed amounts of such Professional Fee Claims as determined by Final Order of the Bankruptcy Court shall be paid by Reorganized Tronox in full in Cash.

(b) *Payment of Interim Amounts.*

Subject to the Holdback Amount, on the Effective Date, Tronox shall pay all amounts owing to Professionals for all outstanding amounts payable relating to prior periods through the Confirmation Date. To receive payment, on or before Effective Date, each Professional shall submit a detailed invoice covering such period in the manner and providing the detail as set forth in the Professional Fee Order.

(c) *Post-Confirmation Date Fees and Expenses.*

Except as otherwise specifically provided in the Plan, from and after the Confirmation Date, Tronox or Reorganized Tronox, as the case may be, shall, in the ordinary course of business and without any further notice to or action, order, or approval of the Bankruptcy Court, pay in Cash the reasonable legal, professional or other fees and expenses related to implementation and Consummation of the Plan incurred by Tronox or Reorganized Tronox. Except as otherwise specifically provided in the Plan, upon the Confirmation Date, any requirement that Professionals comply with sections 327 through 331 and 1103 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate, and Tronox or Reorganized Tronox, as the case may be, may employ and pay any Professional in the ordinary course of business without any further notice to or action, order or approval of the Bankruptcy Court.

(iii) Replacement DIP Facility Claims

Notwithstanding anything to the contrary herein, in full and final satisfaction, settlement, release and discharge of and in exchange for release of all Replacement DIP Facility Claims (other than Claims under the Replacement DIP Facility that expressly survive the termination thereof), on the Effective Date, the Replacement



DIP Facility Claims shall (a) subject to the terms of the Replacement DIP Agreement, convert into the Exit Credit Facility or (b) be paid in full in Cash.

(iv) Priority Tax Claims

Except to the extent that a Holder of an Allowed Priority Tax Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release and discharge of and in exchange for each Allowed Priority Tax Claim, each Holder of such Allowed Priority Tax Claim shall be paid in full in cash on the Effective Date, or as soon thereafter as is practicable, provided, however, that Tronox or Reorganized Tronox shall be authorized, at its option, and in lieu of payment in full in Cash of an Allowed Priority Tax Claim, to make deferred Cash payments on account thereof in the manner and to the extent permitted under section 1129(a)(9)(C) of the Bankruptcy Code. To the extent any Allowed Priority Tax Claim is not due and owing on or before the Effective Date, such Claim shall be paid in full in Cash in accordance with the terms of any agreement between Tronox and such Holder, or as may be due and payable under applicable non-bankruptcy law or in the ordinary course of business.

(v) United States Trustee Statutory Fees

Tronox shall pay all United States Trustee quarterly fees under 28 U.S.C § 1930(a)(6), plus any interest due and payable under 31 U.S.C. § 3717 on all disbursements, including Plan payments and disbursements in and outside the ordinary course of Tronox's businesses, for each quarter (including any fraction thereof) until the Chapter 11 Cases are converted, dismissed or closed, whichever occurs first.

***B. Classification and Treatment of Claims Against and Equity Interests in Tronox under the Equity Committee Plan***

(i) Class Identification.

The classification of Claims against, and Equity Interests in, the Tronox Debtors pursuant to the Equity Committee Plan is as follows:

<b>Class</b>	<b>Claims and Equity Interests</b>	<b>Status</b>	<b>Voting Rights</b>
Class 1	Priority Non-Tax Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 2	Secured Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 3	General Unsecured Claims	Impaired	Entitled to Vote
Class 4	Tort Claims	Impaired	Entitled to Vote
Class 5	Environmental Claims	Impaired	Entitled to Vote
Class 6	Indirect Environmental Claims	Impaired	Entitled to Vote
Class 7	Convenience Claims	Impaired	Entitled to Vote
Class 8	Equity Stock Interests	Impaired	Entitled to Vote
Class 9	Other Equity Interests	Impaired	Not Entitled to Vote (Deemed to Reject)

**C. *Treatment of Claims and Equity Interests.***

(i) *Class 1 - Priority Non-Tax Claims.*

- (a) *Classification:* Class 1 consists of all Priority Non-Tax Claims. The Plan defines Priority Non-Tax Claims as any Claim, other than an Administrative Claim or a Priority Tax Claim, entitled to priority in right of payment under section 507(a) of the Bankruptcy Code.
- (b) *Treatment:* Except to the extent that a Holder of an Allowed Priority-Non Tax Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Priority Non-Tax Claim, each Holder of such Allowed Priority Non-Tax Claim shall be paid in full in Cash on or as soon as reasonably practicable after (a) the Effective Date or (b) the date on which such Priority Non-Tax Claim becomes Allowed.
- (c) *Voting:* Class 1 is Unimpaired by the Plan. Each Holder of a Priority Non-Tax Claim is conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of Priority Non-Tax Claims are not entitled to vote to accept or reject the Plan.

(ii) *Class 2 - Secured Claims.*

- (a) *Classification:* Class 2 consists of all Secured Claims. The Plan defines Secured Claims as any Claim that is Secured (but excluding any Claims under the Replacement DIP Facility).
- (b) *Treatment:* Except to the extent that a Holder of an Allowed Secured Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Secured Claim, Holders of Allowed Secured Claims shall receive one of the following treatments, at the discretion of Tronox (with the reasonable consent of the Creditors' Committee and the Equity Committee): (i) Tronox or Reorganized Tronox shall pay such Allowed Secured Claim in full in Cash including the payment of any interest required to be paid under section 506(b) of the Bankruptcy Code; (ii) Tronox or Reorganized Tronox shall deliver the collateral securing any such Allowed Secured Claim; or (iii) Tronox or Reorganized Tronox shall otherwise treat any Allowed Secured Claim in any other manner such that the Claim shall be rendered Unimpaired.
- (c) *Voting:* Class 2 is Unimpaired by the Plan. Each Holder of a Secured Claim is conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of Secured Claims are not entitled to vote to accept or reject the Plan.

(iii) *Class 3 - General Unsecured Claims.*

- (a) *Classification:* Class 3 consists of all General Unsecured Claims, including the Unsecured Notes Claim. The Plan defines General Unsecured Claims as any Unsecured Claim that is not an Intercompany Claim, an Environmental Claim, a Tort Claim or an Indirect Environmental Claim. Class 3 expressly includes the Unsecured Notes Claim.
- (b) *Treatment:* On the Effective Date, in full and final satisfaction, settlement, release and discharge of and in exchange for each Allowed General Unsecured Claim, Holders of Allowed General Unsecured Claims will receive on account of such Allowed General Unsecured Claims the following consideration:

- (i) Holders of Allowed General Unsecured Claims will receive their pro rata share of the GUC Pool.
  - (ii) Holders of Allowed General Unsecured Claims will receive their pro rata share of Rights to purchase New Common Stock to the extent of the GUC Offering Amount, pursuant to the terms of the Rights Offering.
  - (iii) The Equity Committee and the Plan Equity Sponsors reserve the right to adjust the treatment provided to Holders of General Unsecured Claims in order to ensure fair and equitable treatment of all Holders of Class 3 Claims pursuant to the Bankruptcy Code.
- (c) *Interest:* To the extent any interest is payable to holders of Allowed General Unsecured Claims, such interest will be paid in the same form of consideration as the underlying Allowed General Unsecured Claim, and the amount of Allowed interest shall be calculated between the later of the date such Allowed General Unsecured Claim (i) became due in the ordinary course of business or (ii) was invoiced to the applicable Debtor, on the one hand, and the Effective Date, on the other hand, with such interest to be payable (except as expressly specified herein) at the contract rate to the extent allowable under applicable law or, if no contract rate is specified, the Federal Judgment Rate as of the Petition Date. To the extent interest is payable on a particular allowed General Unsecured Claim in accordance with the foregoing, the amount of such Allowed General Unsecured Claim shall be increased to include interest.
- (d) *Voting:* Class 3 is Impaired by the Plan. Holders of General Unsecured Claims are entitled to vote to accept or reject the Plan.

(iv)

Class 4 - Tort Claims.

- (a) *Classification:* Class 4 consists of all Tort Claims. The Plan defines Tort Claims as non-governmental Claims against Tronox, whether such Claims are known or unknown, whether by contract, tort or statute, whether existing or hereinafter arising, for death, bodily injury, sickness, disease, medical monitoring or other personal physical injuries or damage to property to the extent caused or allegedly caused directly or indirectly by the presence of or exposure to any product or toxin manufactured or disposed of, or other property owned, operated or used for disposal by, Tronox or any Entity for whose products or operations Tronox allegedly has liability, including all such Claims relating to the Owned Sites, the Other Sites, the Environmental Trust Assets, the Nevada Assets or the Retained Assets to the extent owned, operated or used for disposal by, Tronox prior to the Effective Date and not by Reorganized Tronox, including Non-Asbestos Toxic Exposure Claims (i.e. – benzene, creosote and NORM claims), Property Damage Claims, Asbestos Claims and Claims of Future Tort Claimants. For the avoidance of doubt, Tort Claims do not include claims brought directly by a past or present employee of Tronox under an applicable workers' compensation statute, which claims are unimpaired under the Plan and will continue to be administered by Reorganized Tronox in the ordinary course.
- (b) *Treatment:* As described more fully in Article IV of the Plan, on the Effective Date, Tronox will establish the Tort Claims Trust (to be administered by the Tort Claims Trustee pursuant to the Tort Claims Trust Agreement) and transfer to the Tort Claims Trust the following consideration: (i) the right to 12% of the proceeds of the Anadarko Litigation (together with any other fee sharing or other arrangements to be agreed upon in good faith by the United States and holders of Tort Claims, which agreement will be set forth in, in accordance with the Anadarko Litigation Trust Agreement), (ii) the Funded Tort Claims Trust Amount and (iii) the Tort Claims Insurance Assets.

The Tort Claims Trust Distributable Amount will be distributed as follows in accordance with the Tort Claims Trust Agreement:

- (i) Up to 6.25% to Holders of Allowed Indirect Environmental Claims if the aggregate amount of Allowed Indirect Environmental Claims is equal to or greater than \$40 million; provided that if the aggregate amount of Allowed Indirect Environmental Claims is less than \$40 million, then the 6.25% shall be proportionally reduced (for example, if the aggregate amount of Allowed Indirect Environmental Claims is \$20 million, then Holders of Allowed Indirect Environmental Claims shall receive the above allocated percentage of the Tort Claims Trust Distributable Amount, or up to 3.125%).
- (ii) 6.25% to Holders of Asbestos Claims and Future Tort Claimants.
- (iii) 6.25% to Holders of Property Damage Claims if the aggregate amount of Allowed Property Damage Claims is equal to or greater than \$50 million; provided that if the aggregate amount of Allowed Property Damage Claims is less than \$50 million, then the 6.25% shall be proportionally reduced (for example, if the aggregate amount of Allowed Property Damage Claims is \$25 million, then Holders of Property Damage Claims shall receive 50% of 6.25%, or 3.125%, of the Tort Claims Trust Distributable Amount).
- (iv) The remaining Tort Claims Trust Distributable Amount shall be distributed to Holders of Non-Asbestos Toxic Exposure Claims.

The sole recourse of Holders of Tort Claims shall be the Tort Claims Trust, and such Holders shall have no right at any time to assert Tort Claims against Reorganized Tronox. Final determinations on the allowance or disallowance of Tort Claims for distribution purposes shall be made in accordance with the Tort Claims Trust Distribution Procedures.

- (c) *Voting:* Class 4 is Impaired by the Plan. Holders of any Tort Claim that is not subject to an objection filed by Tronox or any other party in interest as of the date that is thirty (30) days before the Voting Deadline shall be entitled to vote to accept or reject the Plan.

(v) *Class 5 - Environmental Claims.*

- (a) *Classification:* Class 5 consists of all Environmental Claims. The Plan defines Environmental Claims as all civil claims asserted by any Government Environmental Entity against, and other civil responsibilities, obligations or liabilities of, Tronox with respect to the Owned Sites and Other Sites, relating to or arising under CERCLA, RCRA or any other Environmental Law, including claims for restoration, corrective action or remediation of environmental or natural resource conditions or issues, the treatment of which Environmental Claims is set forth in the Environmental Claims Settlement Agreement.
- (b) *Treatment:* Each Holder of an Environmental Claim shall be entitled to treatment of its Environmental Claim and receive such consideration as is provided in the Environmental Claims Settlement Agreement, all as more fully described in Article IV herein. The sole recourse of Holders of Environmental Claims shall be in accordance with the rights of such Holders set forth in the Environmental Claims Settlement Agreement. On the Effective Date, Tronox will establish the Environmental Response Trusts and transfer to or for the benefit of such Environmental Response Trusts and/or certain of the Government Environmental Entities the following consideration (to be allocated in accordance with the Environmental Claims Settlement Agreement):

- (i) the right to 88% of the proceeds of the Anadarko Litigation;
  - (ii) the Funded Environmental Amount;
  - (iii) the Environmental Trust Assets;
  - (iv) the Nevada Assets; and
  - (v) the Environmental Insurance Assets.
- (c) *Voting:* Class 5 is Impaired by the Plan. Holders of Environmental Claims are entitled to vote to accept or reject the Plan.

(vi) *Class 6 – Indirect Environmental Claims.*

- (a) *Classification:* Class 6 consists of all Indirect Environmental Claims. The Plan defines Indirect Environmental Claims as any Claim held by a private party for breach of contract, indemnification, contribution, reimbursement or cost recovery related to environmental monitoring or remediation, including Claims for contribution or direct costs under any Environmental Law.
- (b) *Treatment:* On the Effective Date, in full and final satisfaction, settlement, release and discharge of and in exchange for each Allowed Indirect Environmental Claim, Holders of Allowed Indirect Environmental Claims will have their Allowed Claims split for purposes of sharing in the Distributions to Holders of Allowed General Unsecured Claims and Allowed Tort Claims, as follows:
  - (i) 50% of the amount of each Allowed Indirect Environmental Claim will be added to the amount of Class 3 General Unsecured Claims and shall be treated in accordance with the treatment provided to Class 3 General Unsecured Claims, and will receive its pro rata share of (a) the GUC Pool and (b) Rights to participate in the Rights Offering; provided, however, that if the Indirect Environmental Claim is Allowed in an amount equal to or less than \$500, the first 50% of the Allowed Indirect Environmental Claim will be a Convenience Claim and receive the treatment set forth in Class 7;
  - (ii) 50% of the amount of each Allowed Indirect Environmental Claim will receive its Pro Rata share of the Tort Claims Trust Distributable Amount allocated to Allowed Indirect Environmental Claims; and
  - (iii) The Equity Committee and the Plan Equity Sponsors reserve the right to adjust the treatment provided to Holders of Equity Stock Interests in order to ensure fair and equitable treatment of all Holders of Class 6 Claims pursuant to the Bankruptcy Code.
- (c) *Voting:* Class 6 is Impaired by the Plan. Holders of Indirect Environmental Claims are entitled to vote to accept or reject the Plan.

(vii) *Class 7 - Convenience Claims.*

- (a) *Classification:* Class 7 consists of all Convenience Claims.
- (b) *Treatment:* On the later of the Effective Date and as soon as practicable after such Convenience Claim becomes Allowed, in full and final satisfaction, settlement, release and discharge of and in exchange for each Allowed Convenience Claim, each Holder of

an Allowed Convenience Claim shall receive payment in Cash of 100% of the amount of such Allowed Convenience Claim, which payments shall be funded by the Plan Equity Sponsors through the purchase of the shares of the New Common Stock to which the Holders of such Claims would otherwise have been entitled, in lieu of receiving a distribution of New Common Stock.

- (c) *Claim Aggregation:* If a Holder of an Allowed General Unsecured Claim or Indirect Environmental Claim holds two or more Claims, one or more of which is in an amount less than \$250 or \$500 (as the case may be) but an aggregated total of its Claims would be greater than \$250 or \$500 (as the case may be), such Holder may elect to aggregate such Claims for the purpose of participating in the Rights Offering.
- (d) *Voting:* Class 7 is Impaired by the Plan. Holders of Convenience Claims are entitled to vote to accept or reject the Plan.

(viii) *Class 8 – Equity Stock Interests.*

- (a) *Classification:* Class 8 consists of all Equity Stock Interests.
- (b) *Treatment:* On the Effective Date, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Equity Stock Interest, Holders of Allowed Equity Stock Interests as of the Distribution Record Date will receive on account of such Allowed Equity Stock Interests the following consideration:
  - (i) Holders of Equity Stock Interests will receive their Pro Rata share of the New Warrants.
  - (ii) Holders of Equity Stock Interests that are Eligible Holders will receive their Pro Rata share of Rights to purchase New Common Stock, to the extent of the Equity Offering Amount, pursuant to the terms of the Rights Offering.
  - (iii) The Equity Committee and the Plan Equity Sponsors reserve the right to adjust the treatment provided to Holders of Equity Stock Interests in order to ensure fair and equitable treatment of all Holders of Class 8 Interests pursuant to the Bankruptcy Code.
- (c) *Voting:* Class 8 is Impaired by the Plan. Holders of an Equity Stock Interests are entitled to vote to accept or reject the Plan.

(ix) *Class 9 – Other Equity Interests.*

- (a) *Classification:* Class 9 consists of all Other Equity Interests.
- (b) *Treatment:* On the Effective Date, all Other Equity Interests shall be cancelled without any Distribution.
- (c) *Voting:* Class 9 is Impaired by the Plan. Each Holder of an Other Equity Interest in Tronox Incorporated is conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of Other Equity Interests in Tronox Incorporated are not entitled to vote to accept or reject the Plan.

***D. Special Provision Governing Unimpaired Claims.***

Except as otherwise provided in the Plan, nothing under the Plan shall affect Tronox's rights in respect of any Unimpaired Claims, including, all rights in respect of legal and equitable defenses to or setoffs or recoupments against any such Unimpaired Claims.

***E. Certain Special Provisions***

*(i) Intercompany Claims*

Notwithstanding anything in the Plan to the contrary, on the Effective Date or as soon thereafter as is reasonably practicable, at the option of Tronox or Reorganized Tronox (with the consent of the Creditors' Committee, the Equity Committee, and the Required Plan Equity Sponsors), all Intercompany Claims will be: (a) preserved and reinstated, in full or in part; (b) cancelled and discharged, in full or in part, in which case such discharged and satisfied portion shall be eliminated and the Holders thereof shall not be entitled to, and shall not receive or retain, any property or interest in property on account of such portion under the Plan; (c) eliminated or waived based on accounting entries in Tronox's or Reorganized Tronox's books and records and other corporate activities by Tronox or Reorganized Tronox in their discretion; or (d) contributed to the capital of the obligation entity.

*(ii) Special Provision Governing Unimpaired Claims*

Except as otherwise provided in the Plan, nothing under the Plan shall affect Tronox's rights in respect of any Unimpaired Claims, including, all rights in respect of legal and equitable defenses to or setoffs or recoupments against any such Unimpaired Claims.

*(iii) Subordinated Claims*

The allowance, classification, and treatment of all Allowed Claims and the respective Distributions and treatments under the Plan take into account and conform to the relative priority and rights of the Claims in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code, or otherwise. Pursuant to section 510 of the Bankruptcy Code, Tronox and the Equity Committee reserve the right to re-classify any Allowed Claim or Equity Interest in accordance with any contractual, legal or equitable subordination rights relating thereto.

***F. Acceptance or Rejection of the Plan.***

*(i) Voting Classes.*

Classes 3, 4, 5, 6, 7 and 8 are Impaired under the Plan and are entitled to vote to accept or reject the Plan.

*(ii) Presumed Acceptance of the Plan.*

Classes 1 and 2 are Unimpaired under the Plan. The Holders of Claims in such Classes are deemed to have accepted the Plan and are not entitled to vote to accept or reject the Plan.

*(iii) Presumed Rejection of Plan.*

Class 9 is Impaired and shall receive no Distribution under the Plan. The Holders of Other Equity Interests in such Class are deemed to have rejected the Plan and are not entitled to vote to accept or reject the Plan.



***G. Confirmation Pursuant to Sections 1129(a)(10) and 1129(b) of the Bankruptcy Code.***

Section 1129(a)(10) of the Bankruptcy Code shall be satisfied for purposes of Confirmation by acceptance of the Plan by any one of Classes 3, 4, 5, 6, 7 or 8. Tronox shall seek Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to any rejecting Class of Claims or Equity Interests.

***IX. ~~VIII.~~ CERTAIN MEANS FOR IMPLEMENTATION OF THE PLAN***

***A. Please see Article IV.E of the Debtors' Disclosure Statement for further information with respect to the following:***

- (i) general settlement of claims pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019
- (ii) deemed substantive consolidation of the Plan;
- (iii) the Environmental Claims Settlement Agreement;
- (iv) the Creation and Funding of Environmental Response Trusts
- (v) the Lease of Henderson, Nevada Plant; and
- (vi) the Creation of the Tort Claims Trust.

***B. Exit Financing/Incurrence of New Indebtedness and Existing Letters of Credit***

On the Effective Date, Reorganized Tronox will enter into the Exit Credit Agreement and complete the Exit Credit Facility (on terms and conditions reasonably satisfactory to the Equity Committee, the Creditors' Committee, and the Required Plan Equity Sponsors) to fund distributions under the Plan, ongoing business operations and working capital needs. The Confirmation Order shall constitute an order of the Bankruptcy Court approving the Exit Credit Agreement (including the transactions contemplated thereby) and authorization for Tronox or Reorganized Tronox, as the case may be, to execute and deliver all documents necessary or appropriate to obtain the Exit Credit Facility.

On the Effective Date, all Existing Letters of Credit shall be replaced or cash collateralized (with Cash in an amount equal to 105% of the face amount of such Existing Letters of Credit), in accordance with the terms of the Exit Credit Facility.

***C. Option to Sell Tiwest Joint Venture Interests of Tronox***

As part of the Plan, the Equity Committee, ~~the Required Plan Equity Sponsors and Tronox Management will have~~ has procured an option that may be exercised prior to the Effective Date, to ~~agree to the sale of~~ sell Tronox's interests in the Tiwest Joint Venture (the "Tiwest ~~Sale~~ Option"). On February 18, 2010, the Equity Committee entered into a Memorandum of Understanding (the "MOU") with the potential buyer of Tiwest (the "Potential Buyer")<sup>5</sup> for the purchase of the Tiwest Joint Venture Interests for \$260 million (the "Tiwest Sale"). The ~~potential buyer~~ Potential Buyer understands that ~~they, in addition to the \$260 million, it will also~~ it will also be obligated to pay an additional payment of approximately \$50 million that Tronox will ~~have paid~~ otherwise be required to pay in order to maintain its 50% interest in Tiwest, with the total of approximately \$310 million to be paid in cash upon closing of the Tiwest Sale. ~~The~~ If the Equity Committee Plan is approved, the Equity Committee and the Required Plan

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<sup>5</sup> Pursuant to the MOU, the identity of the Potential Buyer shall remain confidential unless and until the Tiwest Option is exercised.



Equity Sponsors, together with Tronox management and its Board of Directors, may decide to exercise the Tiwest Option and to proceed with the Tiwest Sale. If the Tiwest Option is exercised, the Equity Committee believes that the potential for a pre Effective Date sale of Tiwest may be in the best interests of these estates with regard to valuation and liquidity and submits that maintaining such option is important for preserving the value of these estates. Executing the sale pre Effective Date may have significant tax benefits with regard to the net proceeds to the estate. Any proposed sale of the interests in the Tiwest Joint Venture any such sale should occur prior to the Effective Date would be subject to approval of so that the estate can take advantage of certain significant tax benefits which will inure to the benefit of the estates. Pursuant to the MOU, the Equity Committee and the Potential Buyer understand and have agreed that any potential Tiwest Sale cannot be consummated unless approved by the Bankruptcy Court after an appropriate motion and hearing.

If the option is exercised, Reorganized Tronox will have the right to use such proceeds from the Tiwest Sale and any amounts that would have otherwise been used for capital expenditures related to the Tiwest Joint Venture, to repurchase or redeem shares of New Common Stock issued to Holders of Claims at Equity Plan Value. In addition, the proceeds can be used to establish a bonus program for the management of Tronox or Reorganized Tronox, as the case may be, in addition to the Management Equity Plan.

The Equity Committee's advisors have considered the merits of a sale of Tiwest as well as the impact of selling Tiwest on an operational, financial and trading basis. Incremental cash proceeds generated by such a sale (which the Equity Committee believes can be effected on a tax-efficient basis) will be used to fund the Equity Committee Plan and directly reduce the funds which would otherwise be funded through the issuance of new indebtedness. In addition, the Potential Buyer has indicated its willingness to fund Tronox's share of the expansion at the Kwinana facility in Western Australia. As set forth more fully in Section II(A)(B)(i) of the Debtors' Disclosure Statement, the Tiwest Joint Venture includes a titanium dioxide plant in Kwinana, Western Australia, a mining venture in Cooljarloo, Western Australia, and a mineral separation plant and a synthetic rutile processing facility in Chandala, Western Australia. Tronox, through its subsidiary Tronox Western Australia Pty. Ltd. ("TWA"), has a 50% undivided interest in the assets of the Tiwest Joint Venture with Exxaro Australia Sands Pty Ltd. ("Exxaro"), a subsidiary of Exxaro Resources Limited. Under separate marketing agreements, Tronox has the right to market 100% of the titanium dioxide produced at the Kwinana facility. As disclosed by the Debtors in the Debtors' Disclosure Statement (see Debtors' Disclosure Statement at Section II Section II(B)(i)), Tronox currently is implementing an expansion project at the Kwinana plant that will increase the plant's capacity to 150,000 metric tons. Because the Potential Buyer has stated its willingness to assume Tronox's obligations under this expansion project, the Equity Committee believes that a sale of Tiwest could further reduce pro forma leverage, resulting in a post-emergence Tronox entity with a significantly stronger credit and cash flow profile than in the absence of such a sale. Taking into account the proceeds from the sale, substantially reduced pro forma indebtedness of Tronox and the financial and operational impact of the sale of the 50% share in the Tiwest Joint Venture, the Equity Committee believes the sale to be neutral to accretive on a net basis.

The agreements governing the Tiwest Joint Venture contain a right of first refusal for Exxaro (pursuant to which Exxaro would have certain rights to purchase the assets owned by Tronox in the Tiwest Joint Venture) that is triggered by certain events. The consummation of the Tiwest Sale pursuant to the Plan may trigger such right of first refusal or any other similar right. Exxaro may assert that it has such rights. In the event that the Tiwest Sale is pursued and Exxaro asserts such rights, there may be litigation with Exxaro regarding Exxaro's ability to assert such rights. To the extent Exxaro were to prevail in such litigation, Tronox could be required to sell its interest in the Tiwest Joint Venture for fair value as determined by an appraisal process set forth in the joint venture agreements, rather than pursuant to the MOU with the Potential Buyer.

#### ***D. Cash Consideration to Fund Plan Distributions***

Tronox shall fund Distributions under the Plan in part with Cash on hand, including Cash from operations, the proceeds of the Exit Credit Facility, the Rights Offering, and the proceeds from the Tiwest Sale, if applicable.

Tronox and Reorganized Tronox will be entitled to transfer funds between and among themselves as they determine to be necessary or appropriate to enable Reorganized Tronox to satisfy its obligations under the Plan. Except as set forth herein, any changes in intercompany account balances resulting from such transfers will be

accounted for and settled in accordance with Tronox's historical intercompany account settlement practices and will not violate the terms of the Plan.

From and after the Effective Date, Reorganized Tronox, subject to any applicable limitations set forth in any post-Effective Date financing, shall have the right and authority without further order of the Bankruptcy Court to raise additional or replacement capital and obtain additional or replacement financing as the boards of directors of the applicable Reorganized Tronox Debtor deem appropriate.

***E. Cancellation of Existing Agreements, Unsecured Notes and Equity Interests***

On the Effective Date, except as otherwise specifically provided for in the Plan: (1) the obligations of the Tronox Debtors under the Indenture, and any other Certificate, Equity Security, share, note, bond, indenture, purchase right, option, warrant or other instrument or document directly or indirectly evidencing or creating any indebtedness or obligation of or ownership interest in the Tronox Debtors or giving rise to any Claim or Equity Interest (except such Certificates, notes or other instruments or documents evidencing indebtedness or obligation of or ownership interest in the Tronox Debtors that are Reinstated pursuant to the Plan), shall be cancelled solely as to the Tronox Debtors and their affiliates, and Reorganized Tronox shall not have any continuing obligations thereunder, except that, to the extent provided in the Exit Credit Agreement, the guarantees of and Liens securing obligations under the Replacement DIP Agreement shall not be cancelled and shall guarantee or secure obligations under the Exit Credit Facility, and only such obligations; and (2) the obligations of the Tronox Debtors and their affiliates pursuant, relating or pertaining to any agreements, indentures, certificates of designation, bylaws or certificate or articles of incorporation or similar documents governing the shares, Certificates, notes, bonds, indentures, purchase rights, options, warrants or other instruments or documents evidencing or creating any indebtedness or obligation of or ownership interest in the Tronox Debtors (except such agreements, Certificates, notes, or other instruments evidencing indebtedness or obligation of or ownership interest in the Tronox Debtors that are specifically Reinstated pursuant to the Plan) shall be released and discharged; provided, however, that notwithstanding Confirmation or Consummation, any such indenture or agreement that governs the rights of the Holder of a Claim, including the Indenture, shall continue in effect solely for purposes of allowing Holders to receive Distributions under the Plan; and, to the extent that the Indenture Trustee Fee Claim is not paid in full by Reorganized Tronox, of allowing the Indenture Trustee to exercise its Indenture Charging Lien, provided, further, however, that the preceding provision shall not affect the discharge of Claims or Equity Interests pursuant to the Bankruptcy Code, the Confirmation Order, or the Plan, or result in any expense or liability to Reorganized Tronox; provided, further, however, that the foregoing shall not effect the cancellation of shares issued pursuant to the Plan nor any other shares held by one Tronox Debtor in the capital of another Tronox Debtor; and provided, further, however, that to the extent provided in the Exit Credit Agreement, the guarantees of and Liens securing obligations under the Replacement DIP Agreement shall not be cancelled and shall guarantee or secure obligations under the Exit Credit Agreement, as applicable, and only such obligations.

***F. Restructuring Transactions***

On the Effective Date, or as soon as reasonably practicable thereafter, the corporate structure of Reorganized Tronox will be simplified and rationalized by eliminating certain entities that are deemed no longer essential to Reorganized Tronox and may take all actions as may be necessary or appropriate to effect such transactions, including any transaction described in, approved by, contemplated by or necessary to effectuate the Plan, including: (1) the execution and delivery of appropriate agreements or other documents of merger, consolidation, restructuring, conversion, disposition, transfer, dissolution or liquidation containing terms that are consistent with the terms of the Plan and that satisfy the applicable requirements of applicable law and any other terms to which the applicable Entities may agree; (2) the execution and delivery of appropriate instruments of transfer, assignment, assumption or delegation of any asset, property, right, liability, debt or obligation on terms consistent with the terms of the Plan and having other terms for which the applicable parties agree; (3) the filing of appropriate certificates or articles of incorporation, reincorporation, merger, consolidation, conversion or dissolution pursuant to applicable state law; and (4) all other actions that the applicable Entities determine to be necessary or appropriate, including making filings or recordings that may be required by applicable law. To the extent deemed helpful or appropriate to Reorganized Tronox, the elimination of certain of these entities may be effected pursuant to Sections 368 and 381 of the Internal Revenue Code of 1986, as amended (the "IRC"), to preserve for Reorganized

Tronox the tax attributes of such entities. Prior to the Effective Date, Tronox will consult with the Equity Committee with respect to the restructuring transactions.

#### ***G. Corporate Existence***

Subject to any restructuring transactions permitted under Article IV of the Plan or as otherwise expressly provided herein or in the Plan Supplement, each of the Tronox Debtors, as Reorganized, shall continue to exist after the Effective Date as a separate corporate entity, limited liability company, partnership or other form, as the case may be, with all the powers of a corporation, limited liability company, partnership or other form, as the case may be, pursuant to applicable law in the jurisdiction in which each applicable Tronox Debtor is incorporated or formed.

#### ***H. Organizational Documents***

The certificates of incorporation and bylaws (or other formation documents relating to limited liability companies) of the Tronox Debtors shall be amended as may be required to be consistent with the provisions of the Plan and the Bankruptcy Code, in a form reasonably acceptable to the Equity Committee and the Required Plan Equity Sponsors. On or as soon as reasonably practicable after the Effective Date, any of the Tronox Debtors that is Reorganized shall file new certificates of incorporation with the secretary of state (or equivalent state officer or entity) of the state under which each such Tronox Debtor is or is to be incorporated, which, as required by section 1123(a)(6) of the Bankruptcy Code, shall prohibit the issuance of non-voting securities. The Certificate of Incorporation of Reorganized Tronox Incorporated shall include appropriate super-majority provisions with respect to certain material actions (subject to customary carve-outs and limitations), such as issuance and redemption of equity securities and options, amendments to the charter documents, changes to the number of directors, sales or transfers of all or substantially all assets of Reorganized Tronox, recapitalizations and reorganizations, and affiliate transactions. Such super-majority provisions shall cease to be effective on the date Reorganized Tronox Incorporated becomes a public reporting company. After the Effective Date, each such Tronox Debtor may file a new, or amend and restate its existing, certificate of incorporation, charter and other constituent documents as permitted by the relevant state corporate law.

To protect Reorganized Tronox's ability to continue to utilize its NOLs (and any built-in losses) in the future, Reorganized Tronox Incorporated intends to include in its Certificate of Incorporation certain provisions designed to permit the New Board to adopt trading restrictions with respect to the New Common Stock. The terms of such restrictions would generally provide that the New Board could adopt such restrictions in the future only if events had occurred that placed Reorganized Tronox's ability to utilize its NOLs at risk because of a possible ownership change with respect to such stock. The terms of the provisions to be included in the Certificate of Incorporation remain subject to negotiation with the Equity Committee and the Required Plan Equity Sponsors, as well as court approval.

As of the Effective Date, each Tronox Debtor's bylaws shall provide for the indemnification, defense, reimbursement, exculpation and/or limitation of liability of, and advancement of fees and expenses to, directors, officers, employees or agents who were directors, officers, employees or agents of such Tronox Debtor as of September 2, 2010, at least to the same extent as the bylaws of each of the respective Tronox Debtors on the Petition Date, against any claims or Causes of Action whether direct or derivative, liquidated or unliquidated, fixed or contingent, disputed or undisputed, matured or unmatured, known or unknown, foreseen or unforeseen, asserted or unasserted, and none of Reorganized Tronox shall amend and/or restate its certificate of incorporation or bylaws before or after the Effective Date to terminate or materially adversely affect any of Reorganized Tronox's obligations or such directors', officers', employees' or agents' rights; provided, however, that for the avoidance of doubt, nothing in the Plan, the Plan Supplement or any document related thereto shall in any way indemnify or release any individuals who were former directors or officers of the Tronox Debtors or their subsidiaries and also were or currently are directors or officers of Kerr-McGee Corporation and/or Anadarko Petroleum Corporation.

#### ***I. Effectuating Documents; Further Transactions***

On and after the Effective Date, Reorganized Tronox, and any officers, members or directors thereof, are authorized to and may issue, execute, deliver, file or record such contracts, Securities, instruments, releases and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement,

and further evidence the terms and conditions of the Plan and the Securities issued pursuant to the Plan in the name of and on behalf of Reorganized Tronox, without the need for any approvals, authorization or consents except for those expressly required pursuant to the Plan.

***J. Section 1146 Exemption from Certain Transfer Taxes and Recording Fees***

Pursuant and to the fullest extent permitted by section 1146 of the Bankruptcy Code, any transfers of property pursuant hereto shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, sales or use tax, mortgage recording tax or other similar tax or governmental assessment, and upon entry of the Confirmation Order, the appropriate state or local governmental officials or agents shall forgo the collection of any such tax or governmental assessment and accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax, recordation fee or governmental assessment.

***K. Preservation of Causes of Action***

In accordance with section 1123(b) of the Bankruptcy Code, but subject to Article VIII of the Plan and the terms of the Environmental Claims Settlement Agreement, Reorganized Tronox shall retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action, whether arising before or after the Petition Date, including any actions specifically enumerated in the Plan Supplement (but excluding the Anadarko Litigation, which will be transferred to the Anadarko Litigation Trust), and Reorganized Tronox's rights to commence, prosecute or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date. Reorganized Tronox may pursue such Causes of Action, as appropriate, in accordance with the best interests of Reorganized Tronox. No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement or the Equity Committee Disclosure Statement to any Cause of Action against them as any indication that Reorganized Tronox will not pursue any and all available Causes of Action against them. Reorganized Tronox expressly reserves all rights to prosecute any and all Causes of Action against any Entity, except as otherwise expressly provided in the Plan. Unless any Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised or settled in the Plan or a Bankruptcy Court order, Reorganized Tronox expressly reserves all Causes of Action, for later adjudication, and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or laches shall apply to such Causes of Action upon, after or as a consequence of the Confirmation or Consummation.

Reorganized Tronox reserves and shall retain the Causes of Action (except for the Anadarko Litigation) notwithstanding the rejection or repudiation of any Executory Contract or Unexpired Lease during the Chapter 11 Cases or pursuant to the Plan. In accordance with section 1123(b)(3) of the Bankruptcy Code, any Causes of Action that a Tronox Debtor may hold against any Entity shall vest in Reorganized Tronox. Reorganized Tronox, through its authorized agents or representatives, shall retain and may exclusively enforce any and all such Causes of Action. Reorganized Tronox shall have the exclusive right, authority and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw or litigate to judgment any such Causes of Action and to decline to do any of the foregoing without the consent or approval of any third party or further notice to or action, order or approval of the Bankruptcy Court.

***L. Vesting of the Retained Assets in Reorganized Tronox***

Except as otherwise provided herein or in any agreement, instrument or other document relating thereto, on or after the Effective Date, the Retained Assets and all Causes of Action (excluding the Anadarko Litigation) shall vest in Reorganized Tronox, free and clear of all liens, Claims, charges, or other encumbrances or interests (except for Liens securing the Exit Credit Facility). On and after the Effective Date, except as otherwise provided in the Plan, Reorganized Tronox may operate its business and may use, acquire or dispose of property and compromise or settle any Claims or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules.

## **X. ~~IX.~~ CAPITAL STRUCTURE OF REORGANIZED TRONOX UPON CONSUMMATION**

### ***A. The Exit Financing***

The Equity Committee's financial advisors have held discussions with a number of major, established, global investment banks relating to the financing of an Equity Committee plan of reorganization. Each of these investment banks has significant asset-based lending, syndicated loan and high yield financing capabilities. Pursuant to the execution of confidentiality agreements with the Debtors, these investment banks have been provided access to certain confidential information relating to, among other things, the Debtors' financial results and projections. The Equity Committee expects to have fully committed exit financing (the "Exit Financing") prior to Confirmation. The Equity Committee will file with the Bankruptcy Court any and all commitment letter(s) after such letter(s) have been finalized and will seek approval of the proposed Exit Financing Facility in connection with the Confirmation Hearing. However, there can be no guaranty that the Equity Committee will be able to secure such Exit Financing on terms and conditions acceptable to the Equity Committee and Required Plan Equity Sponsors. ~~It is anticipated that event, there would be insufficient financing to fund the Equity Committee Plan.~~

### ***B. Intercompany Account Settlement***

Tronox and Reorganized Tronox will be entitled to transfer funds between and among themselves as they determine to be necessary or appropriate to enable Reorganized Tronox to satisfy its obligations under the Equity Committee Plan. Except as set forth herein, any changes in intercompany account balances resulting from such transfers will be accounted for and settled in accordance with Tronox's historical intercompany account settlement practices and will not violate the terms of the Equity Committee Plan.

### ***C. Issuance of New Common Stock***

The issuance of the New Common Stock by Reorganized Tronox Incorporated, including pursuant to the Rights Offering and options, restricted stock or other equity awards reserved for the Management Equity ~~Incentive~~ Plan, is authorized without the need for any further corporate action or without any further action by the Holders of Claims. No less than 75,000,000 common shares shall be authorized under the New Certificate of Incorporation. On the Effective Date, 18,500,000 shares of New Common Stock shall be issued pursuant to the Rights Offering and 23,454,783 shares of New Common Stock shall be issued to the GUC Pool for Distribution as described in Article III.B of the Plan. A total of 1,480,000 shares will be issued pursuant to the Plan Equity Sponsor Commitment Premium. Additional New Common Stock may be issued pursuant to the Management Equity ~~Incentive~~ Plan.

All of the shares of New Common Stock issued pursuant to the Plan shall be duly authorized, validly issued, fully paid and non-assessable. Each Distribution and issuance referred to in Article VI of the Plan shall be governed by the terms and conditions set forth in the Plan applicable to such Distribution or issuance and by the terms and conditions of the instruments evidencing or relating to such Distribution or issuance, which terms and conditions shall bind each Entity receiving such Distribution or issuance.

Tronox will use commercially reasonable efforts to list the shares of New Common Stock on the New York Stock Exchange or the NASDAQ Stock Market as soon as reasonably practical after the Effective Date. It is anticipated that if listed on the New York Stock Exchange or the NASDAQ Stock Market, the shares of New Common Stock will be freely tradable by the holders thereof.

### ***D. Issuance of New Warrants***

On the Effective Date, Reorganized Tronox Incorporated will issue the New Warrants Pro Rata to Holders of Equity Interests in Tronox Incorporated. The form of agreement governing the New Warrants will be included in the Plan Supplement.



#### ***E. Registration Rights Agreements***

The Plan Equity Sponsors and Holders of 10% or more of the New Common Stock outstanding on the Effective Date shall be entitled to registration rights pursuant to the Registration Rights Agreement, which shall be included in the Plan Supplement and shall be reasonably acceptable to the Required Plan Equity Sponsors and the Equity Committee. On the Effective Date, the Registration Rights Agreement shall constitute valid and binding obligations of Reorganized Tronox with respect to each holder of New Common Stock intended to benefit therefrom, in each case without the need for execution by any party thereto other than Reorganized Tronox.

#### ***F. Exemption from Registration***

The issuance of the New Common Stock (including pursuant to the Rights Offering) and the distribution of New Warrants pursuant to the Plan shall be exempt from registration under the Securities Act under section 1145 of the Bankruptcy Code as of the Effective Date without further act or action by any person, unless required by provision of applicable law, regulation, order or rule; provided, however, that any securities issued to the Plan Equity Sponsors as a fee for their commitment to backstop the Rights Offering will be issued without registration in reliance upon the exemption set forth in Section 4(2) of the Securities Act and will be “restricted securities.”

Section 1145(a)(1) of the Bankruptcy Code exempts the offer and sale of securities under a plan of reorganization from registration under Section 5 of the Securities Act and state laws when such securities are to be exchanged for Claims or principally in exchange for Claims and partly for cash. In general, securities issued under section 1145 may be resold without registration unless the recipient is an “underwriter” with respect to those securities. Section 1145(b)(1) of the Bankruptcy Code defines an “underwriter” as any person who:

- purchases a claim against, an interest in, or a claim for an administrative expense against the debtor, if that purchase is with a view to distributing any security received in exchange for such a claim or interest;
- offers to sell securities offered under a plan of reorganization for the holders of those securities;
- offers to buy those securities from the holders of the securities, if the offer to buy is (i) with a view to distributing those securities; and (ii) under an agreement made in connection with the plan of reorganization, the completion of the plan of reorganization, or with the offer or sale of securities under the plan of reorganization; or
- is an issuer with respect to the securities, as the term “issuer” is defined in Section 2(a)(11) of the Securities Act.

To the extent that persons who receive New Common Stock, or New Warrants are deemed to be “underwriters,” resales by those persons would not be exempted from registration under the Securities Act or other applicable law by section 1145 of the Bankruptcy Code. Those persons would, however, be permitted to sell New Common Stock or other securities without registration if they are able to comply with the provisions of Rule 144 under the Securities Act, as described further below.

You should confer with your own legal advisors to help determine whether or not you are an “underwriter.”

### **XL ~~X~~-MANAGEMENT OF REORGANIZED TRONOX**

#### ***A. Composition of Board of Directors for Reorganized Tronox***

As of the Effective Date, the term of the current members of the board of directors of Tronox Incorporated shall expire, and the New Board and the officers of Reorganized Tronox shall be appointed in accordance with the New Certificate of Incorporation and New By-laws. The New Board will initially consist of a number of individuals to be determined by the Required Plan Equity Sponsors, the Equity Committee, and the Creditors’ Committee. The initial board members shall be appointed by the Required Plan Equity Sponsors, and shall include the chief

executive officer of Reorganized Tronox, and at least one of such directors (who shall be an “independent director” within the meaning of the rules of the New York Stock Exchange) shall be selected in consultation with the Creditors’ Committee and with the consent of the Creditors’ Committee, which consent shall not be unreasonably withheld, conditioned or delayed and at least one of such directors (who shall be an “independent director” within the meaning of the rules of the New York Stock Exchange) shall be selected in consultation with the Equity Committee and with the consent of the Equity Committee, which consent shall not be unreasonably withheld, conditioned or delayed.

The New Board shall consist of members disclosed in advance of the Confirmation Hearing. Pursuant to section 1129(a)(5) of the Bankruptcy Code, Tronox will disclose in advance of the Confirmation Hearing the identity and affiliations of any Person proposed to serve on the New Board or be an officer of Reorganized Tronox. To the extent any such director or officer of Reorganized Tronox is an “insider” under the Bankruptcy Code, the nature of any compensation to be paid to such director or officer will also be disclosed. Each such director and officer shall serve from and after the Effective Date pursuant to the terms of the New Certificate of Incorporation, New By-laws and other constituent documents of Reorganized Tronox.

***B. Executive Officers***

Please see Article IV.F of the Debtors’ Disclosure Statement for a full discussion of the executive officers of Reorganized Tronox.

***C. Management 2010 Bonus Plan***

On the Effective Date, the Management 2010 Bonus Plan, in the form to be included in the Plan Supplement, shall become effective without any further action by Reorganized Tronox. The Management 2010 Bonus Plan is an executive level cash incentive plan based on achieving a target EBITDAR of \$190 million for 2010. Each Executive’s target bonus opportunity is set forth on Exhibit A to the Management 2010 Bonus Plan. The program for 2010 includes a feature for payment of 50% of an Executive’s 2010 Bonus/Target Bonus upon achievement of 90% of target EBITDAR and 200% of an Executive’s 2010 Bonus/Target Bonus upon achievement of 110% of target EBITDAR (it being understood that \$190 million of EBITDAR is target for 2010) with proportionate payment for performance within the applicable range. The 2010 Bonus will be paid no later than January 31, 2011. The Management 2010 Bonus Plan is expected to cost less than \$3 million at maximum payout levels.

***D. Management Equity ~~Incentive~~ Plan***

On the Effective Date, the New Board of Reorganized Tronox shall adopt the Management Equity ~~Incentive~~ Plan. The ~~terms of the~~ Management Equity ~~Incentive~~ Plan shall provide for the issuance of certain equity-based awards, the form of which shall be reasonably acceptable to the Creditors’ Committee, the Equity Committee, and the Required Plan Equity Sponsors and shall be ~~set forth~~ included in the Plan Supplement.

***E. New Management Agreements***

Please refer to Article IV.F of the Debtors’ Disclosure Statement for information regarding New Management Agreements.

**XII. ~~XI.~~ PENSION PLAN AND OTHER BENEFITS PLANS**

Please see Article IV.F.(ix) of the Debtors’ Disclosure Statement for information concerning Pension Plans and Other Benefits Plans. The Equity Committee Plan provides the same treatment as the Debtors’ Plan with respect to the Pension Plan and Other Benefits Plan.

**XIII.    ~~XII.~~ TREATMENT OF EXECUTORY CONTRACTS, UNEXPIRED LEASES, EMPLOYEE AND RETIREE BENEFITS, WORKERS' COMPENSATION PROGRAMS AND INSURANCE POLICIES**

Please see Article IV.G of the Debtors' Disclosure Statement for information concerning the treatment of executory contracts, unexpired leases, employee and retiree benefits, workers' compensation programs and insurance policies, all of which remain subject to the approval of the Equity Committee and the Required Plan Equity Sponsors.

**XIV.    ~~XIII.~~ PROVISIONS GOVERNING DISTRIBUTIONS**

Please see Article IV.H of the Debtors' Disclosure Statement for information concerning distributions to holders of Claims and Equity Stock Interests. The Equity Committee Plan provides the same treatment as the Debtors' Plan with respect to these issues.

**XV.    ~~XIV.~~ PROCEDURES FOR RESOLVING CONTINGENT, UNLIQUIDATED AND DISPUTED CLAIMS**

Please see Article IV.I of the Debtors' Disclosure Statement for information concerning the procedures for resolving contingent, unliquidated and disputed claims. The Equity Committee Plan provides the same treatment as the Debtors' Plan with respect to these issues.

**XVI.    ~~XV.~~ LIQUIDATION ANALYSIS**

Please see Exhibit E to the Debtors' Disclosure Statement for the Liquidation Analysis.

**XVII.    ~~XVI.~~ VALUATION ANALYSIS**

Based upon the valuation analysis performed by the Equity Committee's financial advisors, Young & Partners LLC ("Young"), Young estimates the total enterprise value ("TEV") of Reorganized Tronox at approximately **\$1.2 billion to \$1.3 billion, with a midpoint of \$1.25 billion**. The Equity Committee's Valuation Analysis is attached hereto as Exhibit C.

**XVIII.    ~~XVII.~~ PROJECTED FINANCIAL INFORMATION**

The Tronox Debtors' financial Projections are attached to the Debtors' Disclosure Statement as Exhibit C. The Equity Committee has relied on such Projections to complete its Valuation Analysis discussed herein in Article XVI. While the Equity Committee has relied on such information, its financial advisors believe that certain of the estimates are unduly conservative.

**XIX.    ~~XVIII.~~ CONFIRMATION OF THE EQUITY COMMITTEE PLAN**

***A.        The Confirmation Hearing***

The Bankruptcy Court has scheduled the Confirmation Hearing for [\_\_\_\_], 2010 at [\_\_\_\_] a.m./p.m.], prevailing Eastern time, before the Honorable Allan L. Gropper, United States Bankruptcy Judge, in the United States Bankruptcy Court for the Southern District of New York, located at One Bowling Green, Courtroom # 617, New York, New York 10004-1408. The Confirmation Hearing may be adjourned from time to time without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or any adjournment thereof.

***B.        Requirements For Confirmation of the Equity Committee Plan***

Among the requirements for the Confirmation of the Equity Committee Plan are that the Equity Committee Plan (1) is accepted by all impaired Classes of Claims and Equity Interests, or if rejected by an impaired Class, that



the Equity Committee Plan “does not discriminate unfairly” and is “fair and equitable” as to such Class, (2) is feasible, and (3) is in the “best interests” of Holders of Claims and Equity Interests that are impaired under the Equity Committee Plan.

(i) Requirements of Section 1129(a) of the Bankruptcy Code

The following requirements must be satisfied pursuant to section 1129(a) of the Bankruptcy Code before the Bankruptcy Court may confirm a plan of reorganization:

- The plan complies with the applicable provisions of the Bankruptcy Code.
- The proponents of the plan comply with the applicable provisions of the Bankruptcy Code.
- The plan has been proposed in good faith and not by any means forbidden by law.
- Any payment made or to be made by the proponent, by the debtor or by a person issuing securities or acquiring property under a plan, for services or for costs and expenses in or in connection with the case, in connection with the plan and incident to the case, has been approved by, or is subject to the approval of, the Bankruptcy Court as reasonable.
- The proponent of the plan has disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the plan, as a director, officer or voting trustee of the debtor, an affiliate of the debtor participating in a joint plan with the debtor or a successor to the debtor under the plan, and the appointment to, or continuance in, such office of such individual, is consistent with the interests of creditors and equity security holders and with public policies.
- The proponent of the plan has disclosed the identity of any insider (as defined in section 101(31) of the Bankruptcy Code) that will be employed or retained by Reorganized Tronox and the nature of any compensation for such insider.
- With respect to each Holder within an impaired class of claims or equity interests, each such Holder (a) has accepted the plan or (b) will receive or retain under the plan on account of such claim or interest property of a value, as of the effective date of the plan, that is not less than the amount that such Holder would so receive or retain if the debtor were liquidated under chapter 7 of the Bankruptcy Code on such date.
- With respect to each class of claims or equity interests, such class (a) has accepted the plan or (b) is not impaired under the plan (subject to the “cramdown” provisions discussed below).
- Except to the extent that the Holder of a particular claim has agreed to a different treatment of such claim, the plan provides that:
  - with respect to a claim of a kind specified in sections 507(a)(1) or 507(a)(2) of the Bankruptcy Code, on the effective date of the plan, the Holder of the claim will receive on account of such claim cash equal to the allowed amount of such claim, unless otherwise agreed;
  - **with respect to a class of claim of the kind specified in sections 507(a)(3), 507(a)(4), 507(a)(5), 507(a)(6) or 507(3)(7) of the Bankruptcy Code, each Holder of a claim of such class will receive (a) if such class has accepted the plan, deferred cash payments of a value, on the effective date of the plan, equal to the allowed amount of such claim; or (b) if such class has not accepted the plan, cash on the effective date of the plan equal to the allowed amount of such claim; and**

- **with respect to a priority tax claim of a kind specified in section 507(a)(8) of the Bankruptcy Code, the Holder of such claim will receive on account of such claim deferred cash payments, over a period not exceeding six years after the date of assessment of such claim, of a value, as of the effective date of the plan, equal to the allowed amount of such claim.**
- If a class of claims is impaired under the plan, at least one class of claims that is impaired under the plan has accepted the plan, determined without including any acceptance of the plan by any “insider,” as defined in section 101(31) of the Bankruptcy Code.
- Confirmation of the plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the debtor or any successor to the debtor under the plan, unless such liquidation or reorganization is proposed in the plan.
- All fees payable under 28 U.S.C. §1930, as determined by the Bankruptcy Court at the hearing on confirmation of the plan, have been paid or the plan provides for the payment of all such fees on the effective date of the plan.
- The plan provides for the continuation after its effective date of payment of all retiree benefits, as that term is defined in section 1114 of the Bankruptcy Code, at the level established pursuant to subsection (e)(i)(B) or (g) of section 1114 of the Bankruptcy Code, at any time prior to confirmation of the plan, for the duration of the period the debtor has obligated itself to provide such benefits.

(ii) Best Interests of Creditors

Notwithstanding acceptance of the Equity Committee Plan by each impaired class, to confirm the Equity Committee Plan, the Bankruptcy Court must determine that it is in the best interests of each Holder of a claim or interest in any such impaired class that has not voted to accept the Equity Committee Plan. Accordingly, if an impaired class does not unanimously accept the Equity Committee Plan, the “best interests” test requires that the Bankruptcy Court find that the Equity Committee Plan provides to each member of such impaired class a recovery on account of the member’s claim or equity interest that has a value, as of the effective date of the Equity Committee Plan, at least equal to the value of the distribution that each such member would receive if Tronox were liquidated under chapter 7 of the Bankruptcy Code on such date. To make these findings, a bankruptcy court must: (i) estimate the cash liquidation proceeds that a chapter 7 trustee would generate if each of the debtor’s chapter 11 cases were converted to a chapter 7 case and the assets of such debtor’s estate were liquidated; (ii) determine the liquidation distribution that each non-accepting holder of a claim or an interest would receive from such liquidation proceeds under the priority scheme dictated in chapter 7; and (iii) compare the holder’s liquidation distribution to the distribution under the plan that the holder would receive if the plan were confirmed and consummated.

To satisfy the requirements of section 1129(a)(7) of the Bankruptcy Code, the Tronox Debtors, together with their retained advisors, prepared the liquidation analysis attached to the Debtors’ Disclosure Statement as Exhibit E (the “Liquidation Analysis”). Neither the Equity Committee nor its advisors (nor the Plan Equity Sponsors) have independently verified the accuracy of the Liquidation Analysis. Based upon on the Liquidation Analysis, however, the Equity Committee believes that holders of Claims and Interests will receive equal or greater value as of the Effective Date than such holders would receive in a chapter 7 liquidation and that the Equity Committee Plan will therefore meet the “best interests” test provided in section 1129(a)(7) of the Bankruptcy Code.

(iii) Acceptance by Impaired Classes

Section 1126(c) of the Bankruptcy Code provides that a class of claims has accepted a plan of reorganization if such plan has been accepted by creditors that hold at least two-thirds in amount and more than one-half in number of the allowed claims of such class. Section 1126(d) of the Bankruptcy Code provides that a class of interests has accepted a plan of reorganization if such plan has been accepted by interest holders that hold at least two-thirds in amount of the allowed interest of such class.

(iv) Feasibility

Section 1129(a)(11) of the Bankruptcy Code requires that confirmation of the plan of reorganization is not likely to be followed by the liquidation, or the need for further financial reorganization of the debtors, or any successor to the debtors (unless such liquidation or reorganization is proposed in the plan of reorganization).

To determine whether the Equity Committee Plan meets this feasibility requirement, the Equity Committee has analyzed the Tronox Debtors' ability to meet their respective obligations under the Equity Committee Plan. As part of this analysis, the Equity Committee has reviewed the financial Projections prepared by the Tronox Debtors. The Tronox Debtors' financial projections are set forth on Exhibit C to the Debtors' Disclosure Statement. Based upon the Projections, and considering the capital structure contemplated by the Equity Committee Plan, the Equity Committee believes that Reorganized Tronox will be a viable operation following the Chapter 11 Cases, and that the Equity Committee Plan will meet the feasibility requirements of the Bankruptcy Code.

(v) Requirements of Section 1129(b) of the Bankruptcy Code

The Bankruptcy Code permits confirmation of a plan of reorganization even if it is not accepted by each impaired class so long as (a) the plan of reorganization otherwise satisfies the requirements for confirmation, (b) at least one impaired class of claims has accepted the plan of reorganization without taking into consideration the votes of any insiders in such class and (c) the plan of reorganization is "fair and equitable" and does not "discriminate unfairly" as to any impaired class that has not accepted such plan. These so-called "cramdown" provisions are set forth in section 1129(b) of the Bankruptcy Code.

(vi) "Fair and Equitable"

The Bankruptcy Code establishes different "cramdown" tests for determining whether a plan is "fair and equitable" to dissenting impaired classes unsecured creditors and equity interest holders as follows:

(a) *Unsecured Creditors*

A plan of reorganization is fair and equitable as to an impaired class of unsecured claims that rejects the plan if the plan provides that: (i) each Holder of a claim included in the rejecting class receives or retains under the plan property of a value, as of the effective date of the plan of reorganization, equal to the amount of its allowed claim; or (ii) the holders of claims and equity interests that are junior to the claims of the rejecting class will not receive or retain any property under the plan of reorganization on account of such junior claims or interests.

(b) *Holders of Equity Interests in Tronox Incorporated*

A plan of reorganization is fair and equitable as to an impaired class of equity interests that rejects the plan if the plan provides that: (i) each Holder of an equity interest included in the rejecting class receives or retains under the plan property of a value, as of the effective date of the plan of reorganization, equal to the greatest of the allowed amount of (A) any fixed liquidation preference to which such Holder is entitled, (B) the fixed redemption price to which such Holder is entitled, or (C) the value of the equity interest; or (ii) the Holder of any equity interest that is junior to the equity interests of the rejecting class will not receive or retain any property under the plan of reorganization on account of such junior interest.

The Equity Committee believes the Equity Committee Plan is fair and equitable as to Holders of Claims or Equity Interests in Classes that vote to reject the Equity Committee Plan, or that are deemed to reject the Equity Committee Plan, because it provides that such holders' Allowed Claims or Equity Interests will be either Unimpaired, or they will receive their "absolute priority" entitlements under the Bankruptcy Code. The Equity Committee believes the Equity Committee Plan is fair and equitable as to Holders of General Unsecured Claims and Equity Interests because Holders of Claims will be satisfied in full before the holders of Equity Stock Interests will receive any recovery.

(vii) No “Unfair Discrimination”

This test applies to classes of claims or interests that are of equal priority and are receiving different treatment under a proposed plan. The test does not require that the treatment be the same or equivalent, but that the treatment be “fair.” In general, bankruptcy courts consider whether a plan discriminates unfairly in its treatment of classes of claims of equal rank (e.g., classes of the same legal character). Bankruptcy courts will take into account a number of factors in determining whether a plan discriminates unfairly. A proposed plan could treat two classes of unsecured creditors differently without unfairly discriminating against either class.

A plan of reorganization does not “discriminate unfairly” if a dissenting class is treated substantially equally to other classes similarly situated and no such class receives more than it is legally entitled to receive for its claims or equity interests.

The Equity Committee does not believe that the Equity Committee Plan discriminates unfairly against any impaired Class of Claims or Equity Interests. Tronox believes that the Equity Committee Plan and the treatment of all Classes of Claims and Equity Interests under the Equity Committee Plan satisfy the foregoing requirements for nonconsensual Confirmation of the Equity Committee Plan.

(viii) Valuation of Tronox

In conjunction with formulating the Equity Committee Plan, the Equity Committee determined that it was necessary to estimate the post-Confirmation going concern value of Tronox. Accordingly, such valuation is set forth in the “Valuation Analysis” attached hereto as Exhibit C.

**XX. ~~XIX.~~ EFFECT OF CONFIRMATION OF THE EQUITY COMMITTEE PLAN**

***A. Discharge of Claims and Termination of Equity Interests.***

Pursuant to, and to the fullest extent permitted by, section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan or in any contract, instrument, or other agreement or document created pursuant to the Plan, the Distributions, rights, and treatment that are provided in the Plan shall be in complete satisfaction, discharge, and release, effective as of the Effective Date, of Claims (including any Intercompany Claims resolved or compromised after the Effective Date by Reorganized Tronox, Equity Interests, and causes of action of any nature whatsoever, including any interest accrued on Claims or Equity Interests from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against, and Equity Interests in, the Tronox Debtors or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Equity Interests, including demands, liabilities, and causes of action that arose before the Effective Date, any liability (including withdrawal liability) to the extent such Claims or Equity Interests relate to services performed by employees of Tronox prior to the Effective Date and that arise from a termination of employment, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, in each case whether or not: (1) a Proof of Claim or Equity Interest based upon such debt, right, or Equity Interest is filed or deemed filed pursuant to section 501 of the Bankruptcy Code; (2) a Claim or Equity Interest based upon such debt, right, or Equity Interest is Allowed pursuant to section 502 of the Bankruptcy Code; or (3) the Holder of such a Claim or Equity Interest has accepted the Plan. Any default by the Tronox or its Affiliates with respect to any Claim or Equity Interest that existed immediately prior to or on account of the filing of the Chapter 11 Cases shall be deemed cured on the Effective Date. The Confirmation Order shall be a judicial determination of the discharge of all Claims and Equity Interests subject to the Effective Date occurring.

Notwithstanding anything to the contrary in the Plan, Reorganized Tronox may be subject to liabilities under applicable laws to the Government Environmental Entities as the owner or operator of the Retained Assets After the Effective Date.

***B. Release of Liens.***

Except as otherwise provided in the Plan or in any contract, instrument, release or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable Distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges or other security interests against any property of the Estates shall be fully released and discharged, and all of the right, title and interest of any Holder of such mortgages, deeds of trust, Liens, pledges or other security interests shall revert to Reorganized Tronox and its successors and assigns.

***C. Releases by Tronox.***

Pursuant to section 1123(b) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan, for good and valuable consideration, including the service of the Released Parties to facilitate the expeditious reorganization of Tronox and the implementation of the restructuring contemplated by the Plan, on and after the Effective Date, the Released Parties are deemed released and discharged by Tronox, Reorganized Tronox and the Estates from any and all Claims, obligations, rights, suits, damages, causes of action, remedies and liabilities whatsoever, including any derivative Claims asserted or assertable on behalf of the Tronox Debtors, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity or otherwise, that Tronox, Reorganized Tronox, the Estates or their Affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim or Equity Interest or other Entity, based on or relating to, or in any manner arising from, in whole or in part, Tronox, the Chapter 11 Cases, Tronox's restructuring, the purchase, sale or rescission of the purchase or sale of any Security of Tronox or Reorganized Tronox, the subject matter of, or the transactions or events giving rise to, any Claim or Equity Interest that is treated in the Plan, the business or contractual arrangements between Tronox and any Released Party, the restructuring of Claims and Equity Interests prior to or in the Chapter 11 Cases, the negotiation, formulation or preparation of the Plan, the Plan Supplement, the Equity Committee Disclosure Statement or related agreements, instruments or other documents, upon any other act or omission, transaction, agreement, event or other occurrence taking place on or before the Confirmation Date, other than Claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes willful misconduct, gross negligence, breach of fiduciary duty or a criminal act to the extent such act or omission is determined by a Final Order to have constituted willful misconduct, gross negligence, breach of fiduciary duty or a criminal act.

The foregoing release shall not apply to any express contractual or financial obligations or any right or obligations arising under or that is part of the Plan or any agreements entered into pursuant to, in connection with or contemplated by the Plan.

***D. Releases by Holders of Claims and Equity Interests.***

As of the Effective Date, each Holder of a Claim or an Equity Interest (including, for the avoidance of doubt, all shareholders of Tronox Incorporated) shall be deemed to have conclusively, absolutely, unconditionally, irrevocably and forever released and discharged Tronox, Reorganized Tronox and the Released Parties from any and all Claims, Equity Interests, obligations, rights, suits, damages, causes of action, remedies and liabilities whatsoever, including any derivative Claims asserted on behalf of a debtor, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, that such entity would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, Tronox, Tronox's restructuring, the Chapter 11 Cases, the purchase, sale or rescission of the purchase or sale of any Security of Tronox or Reorganized Tronox, the subject matter of, or the transactions or events giving rise to, any Claim or Equity Interest that is treated in the Plan, the business or contractual arrangements between Tronox and any Released Party, the restructuring of Claims and Equity Interests prior to or during the Chapter 11 Cases, the negotiation, formulation or preparation of the Plan, the Equity Committee Disclosure Statement, the Plan Supplement or related agreements, instruments or other documents, upon any other act or omission, transaction, agreement, event or other occurrence taking place on or before the Confirmation Date, other than Claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes willful misconduct, gross

negligence, breach of fiduciary duty or a criminal act to the extent such act or omission is determined by a Final Order to have constituted willful misconduct, gross negligence, breach of fiduciary duty or a criminal act.

Notwithstanding anything to the contrary in the foregoing, the release set forth above does not release any post-Effective Date obligations of any party under the Plan or any document, instrument or agreement (including those set forth in the Plan Supplement) executed to implement the Plan. No Person shall be discharged, released or relieved from any liability with respect to the Pension Plan as a result of the Chapter 11 Cases or the Plan, nor shall the PBGC, the Pension Plan or any other Person be enjoined or precluded from enforcing any liability with respect to the Pension Plan as a result of the Chapter 11 Cases, the Plan's provisions or the Plan's Confirmation. Notwithstanding anything to the contrary in the foregoing, the release set forth above does not release the personal liability of any of the aforementioned Released Parties in this Article VIII for any statutory violation of applicable tax laws or bar any right of action asserted by a governmental taxing authority against the aforementioned Released Parties for any statutory violation of applicable tax laws.

*E. Injunction.*

Except as otherwise expressly provided in the Plan or for obligations issued pursuant to the Plan, all Entities who have held, hold or may hold Claims or Equity Interests that have been released pursuant to Article VIII.C or Article VIII.D of the Plan, discharged pursuant to Article VIII.A of the Plan or exculpated pursuant to Article VIII.F of the Plan, are permanently enjoined, from and after the Effective Date, from taking any of the following actions against, as applicable, Tronox, Reorganized Tronox or the Released Parties: (1) commencing or continuing in any manner any action or other proceeding of any kind on account of, in connection with or with respect to any such Claims or Equity Interests; (2) enforcing, attaching, collecting or recovering by any manner or means any judgment, award, decree or order against Tronox, Reorganized Tronox or the Released Parties on account of or in connection with or with respect to any such Claims or Equity Interests; (3) creating, perfecting or enforcing any encumbrance of any kind against Tronox, Reorganized Tronox or the Released Parties or the property or estates of Tronox, Reorganized Tronox or the Released Parties on account of or in connection with or with respect to any such Claims or Equity Interests; (4) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from Tronox, Reorganized Tronox or the Released Parties or against the property or Estates of Tronox, Reorganized Tronox or the Released Parties on account of or in connection with or with respect to any such Claims or Equity Interests unless such Holder has filed a motion requesting the right to perform such setoff on or before the Confirmation Date, and notwithstanding an indication in a Proof of Claim or Equity Interest or otherwise that such Holder asserts, has or intends to preserve any right of setoff pursuant to section 553 of the Bankruptcy Code or otherwise; and (5) commencing or continuing in any manner any action or other proceeding of any kind on account of, in connection with or with respect to any such Claims or Equity Interests released or settled pursuant to the Plan.

*F. Exculpation.*

Upon and effective as of the Effective Date, the Equity Committee and Tronox and its directors, officers, employees, attorneys, investment bankers, financial advisors, restructuring consultants and other professional advisors and agents, together with the Exculpated Parties will all be deemed to have solicited acceptances of this Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code, including section 1125(e) of the Bankruptcy Code.

Except with respect to any acts or omissions expressly set forth in and preserved by the Plan, the Plan Supplement or related documents, the Exculpated Parties shall neither have nor incur any liability to any Entity for any prepetition or postpetition act taken or omitted to be taken in connection with, or arising from or relating in any way to, the Chapter 11 Cases, including the operation of Tronox's businesses during the pendency of the Chapter 11 Cases; formulating, negotiating, preparing, disseminating, implementing and/or effecting the Plan Equity Sponsor Agreement, the Replacement DIP Agreement, the Exit Credit Facility, the Equity Committee Disclosure Statement, the Rights Offering, the Rights Offering Procedures, and the Plan (including the Plan Supplement and any related contract, instrument, release or other



agreement or document created or entered into in connection therewith); the solicitation of votes for the Plan and the pursuit of Confirmation and Consummation of the Plan; the administration of the Plan and/or the property to be distributed under the Plan; the offer and issuance of any securities under the Plan; and any other prepetition or postpetition act taken or omitted to be taken in connection with or in contemplation of the restructuring of Tronox. In all respects, each Exculpated Party shall be entitled to rely upon the advice of counsel concerning his, her or its respective duties under, pursuant to or in connection with the Plan.

Notwithstanding anything herein to the contrary, nothing in the foregoing “Exculpation” shall (1) exculpate any Person or Entity from any liability resulting from any act or omission constituting fraud, willful misconduct, gross negligence, criminal conduct, malpractice, misuse of confidential information that causes damages or ultra vires act as determined by a Final Order or (2) limit the liability of the professionals of the Exculpated Parties to their respective clients pursuant to N.Y. Comp. Codes R. & Regs. tit. 22 § 1200.8 Rule 1.8(h)(1) (2009).

### ***G. Standards Applicable to Releases.***

Articles VIII.C and VIII.D of the Plan provide for release of certain claims against non-debtors in consideration of services provided to the Estates and the settlements, compromises and/or investments made by the non-debtor Released Parties. The non-debtor Released Parties are (a) Reorganized Tronox (b) the current directors and officers of the Tronox Debtors in place immediately before the Effective Date; (c) all current and former members of the Creditors’ Committee; (d) the Plan Equity Sponsors; (e) the agents and lenders under each of the Prepetition Facilities, the Original DIP Facility and the Replacement DIP Facility solely in connection with such facilities; (f) the Environmental Response Trustee; (g) all current and former members of the Equity Committee; (h) with respect to each of the foregoing Entities in clauses (a) through (g), such Entities’ subsidiaries, affiliates, members, officers, directors, managing directors, managers, controlling persons, agents, financial advisors, accountants, investment bankers, consultants, attorneys, employees, partners, affiliates and representatives, in each case, only in their capacity as such; (h) the Nevada Parties; and (i) the United States and its agents, attorneys and financial advisors. The releases are given by (x) Tronox; (y) all Holders of Claims and Equity Interests against Tronox who vote to accept the Plan (or who are deemed to have accepted the Plan); and (z) to the greatest extent permitted under applicable law, a Holder of a Claim or Equity Interest against Tronox who does not vote to accept the Plan. The released claims are any and all claims or causes of action, including those in connection with, related to or arising out of the Chapter 11 Cases.

The United States Court of Appeals for the Second Circuit has determined that releases of non-debtors may be approved as part of a chapter 11 plan of reorganization if there are “unusual circumstances” that render the release terms important to the success of the plan. Deutsche Bank AG v. Metromedia Fiber Network Inc. (In re Metromedia Fiber Network, Inc.), 416 F.3d 136, 143 (2d Cir. 2005). Courts have approved releases of non-debtors when, for example, (a) the estate received substantial consideration; (b) the enjoined claims were channeled to a settlement fund rather than extinguished; (c) the enjoined claims would indirectly impact the reorganization by way of indemnity or contribution; (d) the plan otherwise provided for the full payment of the enjoined claims; and (e) the affected creditors consented to the release. Id. at 142.

Before a determination can be made as to whether releases are appropriate as warranted by “unusual circumstances,” the United States Court of Appeals for the Second Circuit has concluded that there is a threshold jurisdictional inquiry as to whether the Bankruptcy Court has subject matter jurisdiction to grant such releases. In re Johns-Manville Corp., 517 F.3d 52, 65 (2d Cir. 2008); see also In re Dreier LLP, 429 B.R. 112, 132 (Bankr. S.D.N.Y. 2010) (finding no jurisdiction to approve releases of claims that did not affect the estate); In re Metcalf & Mansfield Alternative Investments, 421 B.R. 685, 695 (Bankr. S.D.N.Y. 2010) (discussing and approving releases in a case under chapter 15 of the Bankruptcy Code). Courts have jurisdiction over a third party cause of action or claim if it will “directly and adversely impact the reorganization.” Dreier, 429 B.R. at 132. Conversely, the court may lack jurisdiction if the releases claim is one that would “not affect the property of the estate or the administration of the estate.” Id. at 133. Here, all of the released claims would “directly and adversely impact the reorganization” of Tronox’s estates. Each of the entities and individuals granted a release under the Plan would have a potential claim for indemnification and/or contribution against Tronox for any liabilities incurred on such claims, as well as any expenses incurred to defend against such claims. Satisfying such claims would reduce the equity value of Reorganized Tronox and thus would reduce recoveries for Holders of Claims and Equity Interests.



Tronox's estates therefore would be directly and adversely impacted if the released claims were pursued, and the Bankruptcy Court has jurisdiction to approve them as part of the Plan.

The circumstances of Tronox's chapter 11 cases are unique and satisfy the Metromedia requirements. Tronox's Chapter 11 Cases are notable for their complexity and for the number of stakeholders with divergent interests involved. In addition, the Plan includes one of the largest environmental settlements in history. In short, the standalone reorganization embodied by the Plan is a result far better than predicted or anticipated when Tronox commenced the Chapter 11 Cases. The non-debtors receiving the releases have provided substantial consideration to the Estates the inclusion of the non-debtor releases in the Plan is an important element of the consideration provided by these parties. The recipients of the releases would have potential claims for indemnification and/or contribution against Tronox. Because the Plan provides a substantial recovery for Holders of Claims and a potential recovery for Holders of Interests, the releases are appropriate under the Metromedia decision and other case law.

#### ***H. Rights of Internal Revenue Service.***

Notwithstanding any provision to the contrary in the Plan, the Confirmation Order or the implementing Plan documents: (1) the rights of the Internal Revenue Service to setoff and recoupment shall be preserved; and (2) nothing in Article VIII.D shall constitute a release of the Internal Revenue Service's claims, if any, against the Released Parties and nothing shall affect the ability of the Internal Revenue Service to pursue, to the extent allowed by non-bankruptcy law, any non-debtors for any liabilities that may be related to any federal tax liabilities owed by Tronox and Reorganized Tronox.

#### ***I. Retention of Jurisdiction by the Bankruptcy Court.***

After the Effective Date, the Bankruptcy Court will retain exclusive jurisdiction over all matters arising out of, or related to, the Chapter 11 Cases and the Equity Committee Plan (except as otherwise set forth in any related agreements, documents, instruments, or contracts executed or entered into in connection with the Equity Committee Plan in which case the governing law of such agreement shall control). In particular, the Bankruptcy Court will keep exclusive jurisdiction to:

- Determine any disputes regarding any claim or interest against Tronox;
- Resolve any matters related to any executory contract or unexpired lease to which Tronox is party;
- Ensure that distributions to holders of allowed Claims and Equity Interests are accomplished pursuant to the provisions of the Equity Committee Plan;
- Adjudicate, decide, or resolve any contested or litigated matters, and any other matters, and grant or deny any applications involving Tronox that may be pending on the Effective Date;
- Adjudicate, decide, or resolve any and all matters related to any causes of action, including those based in whole or in part on events occurring before or after Tronox filed for bankruptcy;
- Enter and implement such orders as may be necessary or appropriate to consummate the Equity Committee Plan and all documents created in connection with the Equity Committee Plan or this Equity Committee Disclosure Statement;
- Enter an order or final decree concluding or closing the Chapter 11 Cases; and
- Adjudicate any and all disputes arising from or relating to distributions under the Equity Committee Plan.

This list of matters over which the Bankruptcy Court will retain exclusive jurisdiction following the Confirmation is not exhaustive. For a full list of the matters over which the Bankruptcy Court retains jurisdiction after the Confirmation Hearing, please see Article XI of the Equity Committee Plan annexed hereto as Exhibit A.

***J. Miscellaneous Provisions.***

***(i) Immediate Binding Effect.***

Subject to Article IX.B of the Plan and notwithstanding Bankruptcy Rules 3020(e), 6004(h) and 7062 or otherwise, upon the occurrence of the Effective Date, the terms of the Plan and the Plan Supplement shall be immediately effective and enforceable and deemed binding upon Tronox, Reorganized Tronox and any and all Holders of Claims or Equity Interests (irrespective of whether such Claims or Equity Interests are deemed to have accepted the Plan), all Entities that are parties to or are subject to the settlements, compromises, releases, discharges and injunctions described in the Plan, each Entity acquiring property under the Plan and any and all non-debtor parties to Executory Contracts and Unexpired Leases with the Tronox Debtors.

***(ii) Additional Documents.***

On or before the Effective Date, Tronox may file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. Tronox or Reorganized Tronox, as applicable, and all Holders of Claims or Equity Interests receiving Distributions pursuant to the Plan and all other parties in interest shall, from time to time, prepare, execute and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

***(iii) Statutory Committees and Cessation of Fee and Expense Payment.***

On the Effective Date, any statutory committee appointed in the Chapter 11 Cases shall dissolve and members thereof shall be released and discharged from all rights and duties from or related to the Chapter 11 Cases. Tronox shall not be responsible for paying any fees or expenses incurred by the members of or advisors to the Creditors' Committee or the Equity Committee after the Effective Date, except with respect to pending fee applications and appeals of the Confirmation Order.

***(iv) Payment of Indenture Trustee Fees Claim.***

Notwithstanding anything to the contrary herein, on the Effective Date, Tronox shall pay, as an Allowed Administrative Claim, the reasonable and documented fees and expenses of the Indenture Trustee, in full, in Cash, in an amount not to exceed [\_\_\_].

Subject to payment in full of the Indenture Trustee Fees Claim in an amount not to exceed \$[\_\_\_] and the payment of all other fees and expenses (including fees and expenses of counsel) incurred by the Indenture Trustee in administering Distributions to Holders of Unsecured Notes Claims, to the extent payment of the foregoing fees and expenses is permitted by the Indenture, the Indenture Charging Lien of the Indenture Trustee shall be forever released and discharged. Once the Indenture Trustee has completed performance of all of its duties set forth in the Plan or in connection with any Distributions to be made under the Plan, the Indenture Trustee, and its successors and assigns, shall be relieved of all obligations as Indenture Trustee effective as of the Effective Date.

***(v) Reservation of Rights.***

Except as expressly set forth in the Plan, the Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order, and the Confirmation Order shall have no force or effect if the Effective Date does not occur. None of the Filing of the Plan, any statement or provision contained in the Plan or the taking of any action by any Tronox Debtor with respect to the Plan, the Disclosure Statement or the Plan Supplement shall be or shall be deemed to be an admission or waiver of any rights of any Tronox Debtor with respect to the Holders of Claims or Equity Interests prior to the Effective Date.

(vi) Successors and Assigns.

The rights, benefits and obligations of any Entity named or referred to in the Plan shall be binding on and shall inure to the benefit of any heir, executor, administrator, successor or assign, affiliate, officer, director, agent, representative, attorney, beneficiaries or guardian, if any, of each Entity.

(vii) Notices.

All notices, requests and demands to or upon Tronox to be effective shall be in writing (including by facsimile transmission) and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

(a) *if to Tronox, to:*

Tronox LLC  
3301 NW 150th Street  
Oklahoma City, Oklahoma 73134  
Facsimile: (405) 775-5012  
Attention: Michael J. Foster, Esq.  
E-mail address: michael.foster@tronox.com

with copies to:

Kirkland & Ellis LLP  
601 Lexington Avenue  
New York, New York 10022  
Facsimile: (212) 446-4900  
Attention: Jonathan S. Henes, Esq., Patrick J. Nash, Jr., Esq. and Nicole L. Greenblatt, Esq.  
E-mail addresses: jonathan.henes@kirkland.com, patrick.nash@kirkland.com and nicole.greenblatt@kirkland.com

(b) *if to the Replacement DIP Agent, to:*

Latham & Watkins LLP  
233 South Wacker Drive, Suite 5800  
Chicago, Illinois 60606  
Attention: Richard A. Levy, Esq.  
E-mail address: richard.levy@lw.com

(c) *if to the Creditors' Committee, to:*

Paul, Weiss, Rifkind, Wharton & Garrison LLP  
1285 Avenue of the Americas  
New York, New York 10019  
Attention: Brian S. Hermann, Esq. and Elizabeth McColm, Esq.  
E-mail addresses: bhermann@paulweiss.com and emccolm@paulweiss.com

(d) *if to the United States to:*

Office of the United States Attorney, Southern District of New York  
86 Chambers Street, 3rd Floor  
New York, New York 10007  
Attention: Robert Yalen Esq. and Tomoko Onozawa, Esq.  
Email address: robert.yalen@usdoj.gov and tomoko.onozawa@usdoj.gov

(e) *if to the Plan Equity Sponsors, to:*

Akin Gump Strauss Hauer & Feld LLP  
One Bryant Park  
New York, New York 10036  
Attn: Ira Dizengoff, Esq. and Arik Preis, Esq.  
Email address: idizengoff@akingum.com and apreis@akingump.com

(f) *if to the Equity Committee, to:*

Pillsbury Winthrop Shaw Pittman LLP  
1540 Broadway  
New York, New York 10036  
Attn: Craig A. Barbarosh, Esq., David A. Crichlow, Esq. and Karen B. Dine, Esq.  
Email addresses: craig.barbarosh@pillsburylaw.com, david.crichlow@pillsburylaw.com and karen.dine@pillsburylaw.com

(g) *if to the United States Trustee, to:*

United States Trustee  
Region 2  
33 Whitehall Street, 21st Floor  
New York, New York 10004  
Attn: Susan Golden  
Email address: Susan.Golden@usdoj.gov

After the Effective Date, Tronox has authority to send a notice to Entities providing that to continue to receive documents pursuant to Bankruptcy Rule 2002, such Entity must file a renewed request to receive documents pursuant to Bankruptcy Rule 2002. After the Effective Date, Tronox is authorized to limit the list of Entities receiving documents pursuant to Bankruptcy Rule 2002 to those Entities who have filed such renewed requests.

(viii) *Term of Injunctions or Stays.*

Unless otherwise provided in the Plan or in the Confirmation Order, all injunctions or stays in effect in the Chapter 11 Cases pursuant to sections 105 or 362 of the Bankruptcy Code or any order of the Bankruptcy Court, and extant on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order), shall remain in full force and effect until the Effective Date. All injunctions or stays contained in the Plan or the Confirmation Order shall remain in full force and effect in accordance with their terms.

(ix) *Entire Agreement.*

Except as otherwise indicated, the Plan, the Plan Supplement and all exhibits thereto supersede all previous and contemporaneous negotiations, promises, covenants, agreements, understandings and representations on such subjects, all of which have become merged and integrated into the Plan and the Plan Supplement.

(x) *Exhibits.*

All exhibits and documents included in the Plan Supplement are incorporated into and are a part of the Plan as if set forth in full in the Plan. After the exhibits and documents are filed, copies of such exhibits and documents shall be available upon written request to Tronox's counsel at the address above or by downloading such exhibits and documents from the website of Tronox's notice and claims agent at <http://www.kccllc.net/tronox> or the Bankruptcy Court's website at [www.nysb.uscourts.gov](http://www.nysb.uscourts.gov). To the extent any exhibit or document is inconsistent with the terms of the Plan, unless otherwise ordered by the Bankruptcy Court, the non-exhibit or non-document portion of the Plan shall control.

(xi) Nonseverability of Plan Provisions.

If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is: (1) valid and enforceable pursuant to its terms; (2) integral to the Plan and may not be deleted or modified without the Equity Committee's consent; and (3) nonseverable and mutually dependent.

(xii) Votes Solicited in Good Faith.

Upon entry of the Confirmation Order, the Equity Committee will be deemed to have solicited votes on the Plan in good faith and in compliance with the Bankruptcy Code, and pursuant to section 1125(e) of the Bankruptcy Code, Tronox and each of its Affiliates, agents, representatives, members, principals, shareholders, officers, directors, employees, advisors and attorneys will be deemed to have participated in good faith and in compliance with the Bankruptcy Code in the offer and issuance of Securities Distributed under the Plan and any previous plan, and, therefore, such parties, individuals and Reorganized Tronox will not have any liability for the violation of any applicable law, rule or regulation governing the solicitation of votes on the Plan or the offer and issuance of the Securities offered and Distributed under the Plan and any previous plan.

(xiii) Waiver or Estoppel.

**Each Holder of a Claim or an Equity Interest shall be deemed to have waived any right to assert any argument, including the right to argue that its Claim or Equity Interest should be Allowed in a certain amount, in a certain priority, Secured or not subordinated by virtue of an agreement made with Tronox, its counsel or any other Entity, if such agreement was not disclosed in the Plan, the Disclosure Statement or papers filed with the Bankruptcy Court prior to the Confirmation Date.**

(xiv) Conflicts.

Except as set forth in the Plan, to the extent that any provision of the Equity Disclosure Statement, the Plan Supplement or any other order (other than the Confirmation Order) referenced in the Plan (or any exhibits, schedules, appendices, supplements or amendments to any of the foregoing), conflict with or are in any way inconsistent with any provision of the Plan, the Plan shall govern and control.

**XXI. ~~XX.~~ RISK FACTORS**

*Holders of Claims should read and consider carefully the risk factors set forth below, as well as the other information set forth in this Disclosure Statement, the Debtors' Disclosure Statement and the documents delivered together herewith, referred to or incorporated by reference herein, prior to voting to accept or reject the Equity Committee Plan. Although these risk factors are many, these factors should not be regarded as constituting the only risks present in connection with Tronox' businesses or the Equity Committee Plan and its implementation.*

**A. *Classes 3, 4, 5, 6, 7 and 8 may vote to reject the Equity Committee Plan.***

Pursuant to section 1126(c) of the Bankruptcy Code, section 1129(a)(7)(A)(i) of the Bankruptcy Code will be satisfied with respect to Classes 3, 4, 5, 6 and 7 if at least two-thirds in amount and more than one-half in number of the Allowed Claims that vote in such Class, vote to accept the Equity Committee Plan. Pursuant to section 1126(d) of the Bankruptcy Code, section 1129(a)(7)(A)(i) of the Bankruptcy Code will be satisfied with respect to Class 8 if at least two-thirds in amount of the Allowed Equity Stock Interests that vote in Class 8, vote to accept the Equity Committee Plan. There is no guarantee that the Equity Committee will receive the necessary acceptances

from Holders of Claims in Classes 3, 4, 5, 6, ~~7~~ or ~~8~~7. If all of Classes 3, 4, 5, 6, ~~7~~ and ~~8~~7 vote to reject the Equity Committee Plan, the Equity Committee may elect to amend the Equity Committee Plan with the reasonable consent of the Exit Facility Lender, and Plan Equity Sponsors, and seek Confirmation regardless of the rejection.

The Equity Committee reserves the right to challenge allowance and amount of any Claims, including the Environmental Claims or Tort Claims, and to alter their treatment under the Plan, in order to demonstrate that such Claims are unimpaired or otherwise are being treated fairly and equitably under the Plan. The settlements proposed herein, including the contribution of interests in the Anadarko Litigation Trust, Cash or other assets to the respective Classes may be removed or otherwise altered to be consistent with such revised treatment. While proofs of claim have been filed, and some objected to, many of the Holders of Environmental Claims and Tort Claims have not been required to substantiate the amount of their Claims, and the Equity Committee believes that there are legal challenges to the allowance of such Claims. Additionally, there have been no specific estimates made with respect to the value of the consideration being provided the Holders of Environmental Claims under the Debtors' Plan or the Equity Committee Plan. The Equity Committee submits that there is significant value being provided to such claimants through the distribution of interests in the Anadarko Litigation Trust pursuant to the Equity Committee Plan. The value of such interests may need to be determined or estimated as part of any litigation with respect to the treatment of the Environmental or Tort Claims should any Class vote to reject the Plan. However, the Equity Committee believes settlement of the Environmental and Tort Claims as contemplated in the Equity Committee Plan is fair and equitable and reasonable in light of risks of litigation with respect to such Claims.

**B. ~~There is a risk that the Equity Committee will not be able to confirm the Plan over the objection of Classes 3, 4, 5, 6, or 7.~~**

If any of Classes 3, 4, 5, 6, or 7 vote to reject the Equity Committee Plan, the Equity Committee Plan can be confirmed only if it satisfies the "cramdown" requirements of the Bankruptcy Code. In order to satisfy this requirement, the Equity Committee must establish that the dissenting class of creditors has received payment in full before the holders of Equity Stock Interests in Class 8 may receive a recovery under the Plan. The Equity Committee believes the Equity Committee Plan satisfies all of the requirements of the Bankruptcy Code. As part of the confirmation process, however, it is likely that the Debtors, the Equity Committee and other parties, including the Ad Hoc Bondholders, will enter into litigation as to whether the Equity Committee Plan satisfies the cramdown requirements of the Bankruptcy Code. There is a risk that the Bankruptcy Court will find that the Equity Committee Plan does not satisfy such requirements, which would impair the Equity Committee's ability to confirm the Equity Committee Plan.

**C. ~~There is a risk that the Equity Committee will not be able to secure sufficient Exit Financing to fund the Equity Committee Plan.~~**

The Equity Committee's financial advisors have held discussions with a number of major, established, global investment banks relating to the financing of an Equity Committee plan of reorganization. Each of these investment banks has significant asset-based lending, syndicated loan and high yield financing capabilities. Pursuant to the execution of confidentiality agreements with the Debtors, these investment banks have been provided access to certain confidential information relating to, among other things, the Debtors' financial results and projections. The Equity Committee expects to have fully committed exit financing (the "Exit Financing") prior to Confirmation. However, there can be no guaranty that the Equity Committee will be able to secure such Exit Financing on terms and conditions acceptable to the Equity Committee and Required Plan Equity Sponsors. In that event, there would be insufficient financing to fund the Equity Committee Plan and the Plan may not be confirmable.

**D. ~~There is a risk that one or more of the Plan Equity Sponsors may not fund the Plan Equity Sponsor Agreement.~~**

The Plan Equity Sponsor Agreement is subject to certain terms and conditions including the entry by the Bankruptcy Court of the Approval Order. There can be no guaranty that the Equity Committee will be able to satisfy such terms and conditions such that the Plan Equity Sponsors shall not be obligated to provide the commitment or funds contemplated by the Plan Equity Sponsor Agreement. The Plan Equity Sponsor Agreement, while executed by each of the Plan Equity Sponsors, has not been executed by the Debtors. Any or all of the Plan



Equity Sponsors may seek to rescind the Plan Equity Sponsor Agreement with respect to their signature. Additionally, if the Approval Order is not entered prior to solicitation of either the Debtors' plan of reorganization or this Plan, the Plan Equity Sponsors shall not be obligated to backstop the Rights Offering. If this occurs, and the Equity Committee is unable to replace the amount of such commitment, then the Equity Committee may not be in a position to proceed with a fully backstopped Rights Offering. Accordingly, there may be no guaranty that the entire amount contemplated by the Rights Offering will be raised or that all of the cash necessary to fund the Equity Committee Plan will be available.

**E. ~~D.~~ The conditions precedent to the Confirmation and Consummation of the Equity Committee Plan may not occur.**

As more fully set forth in Article IX of the Equity Committee Plan, the occurrence of Confirmation of the Equity Committee Plan and the Effective Date are each subject to a number of conditions precedent. If the conditions precedent to Confirmation are not satisfied or waived, then the Equity Committee Plan will not be confirmed; and if the conditions precedent to the Effective Date are not satisfied or waived, the Effective Date will not take place. In the event that the Equity Committee Plan is not confirmed or is not consummated, Tronox may amend the Equity Committee Plan and seek confirmation of the amended Equity Committee Plan.

However, if Tronox does not secure sufficient working capital to continue its operations or if the revised Equity Committee Plan is not confirmed, Tronox may be forced to go out of business and proceed with a liquidation of its assets. While the Liquidation Analysis indicates that some Holders of Claims would receive a partial recovery, it also demonstrates that Holders of Claims and Equity Interests would receive no recovery in a hypothetical chapter 7 liquidation. For a more detailed description of the consequences of a liquidation scenario, see the Liquidation Analysis attached to the Debtors' Disclosure Statement as Exhibit E.

**F. ~~E.~~ The aggregate amount of Allowed General Unsecured claims (excluding the Unsecured Notes claim) and Allowed Indirect Environmental Claims could exceed certain limits.**

Please refer to Article VII.A.(iii) of the Debtors' Disclosure Statement for further information regarding this risk factor.

**G. ~~F.~~ Tronox may be unable to meet certain minimum liquidity requirements.**

Please refer to Article VII.A.(iv) of the Debtors' Disclosure Statement for further information regarding this risk factor.

**H. ~~G.~~ Tronox may be unable to transfer certain of the Nevada Assets.**

Please refer to Article VII.A.(v) of the Debtors' Disclosure Statement for further information regarding this risk factor.

**I. ~~H.~~ Tronox may seek to accomplish an alternative chapter 11 plan.**

Please refer to Article VII.A.(vi) of the Debtors' Disclosure Statement for further information regarding this risk factor.

**J. ~~I.~~ Tronox will be seeking confirmation of the Debtors' Plan.**

Even if votes are received in number and amount sufficient to enable the Bankruptcy Court to confirm the Equity Committee Plan, Tronox intends to seek confirmation of the Debtors' Plan at confirmation. At the Confirmation Hearing, the Bankruptcy Court will be asked to consider both plans and make a determination after hearing evidence on the appropriate enterprise valuation for the Debtors. If the Bankruptcy Court does not find the enterprise value to be in the range advocated by the Equity Committee, the Equity Committee Plan may not be confirmable unless the Equity Committee can demonstrate that the senior classes of creditors have all had their claims satisfied in full. In the event that sufficient votes are not received, the Equity Committee may seek to



accomplish an alternative chapter 11 plan and may challenge certain claims. There can be no assurance the Equity Committee will be successful in confirming its Chapter 11 Plan. If the Equity Plan is not confirmed, the holders of Equity Stock Interests may not receive any recovery and holders of Allowed General Unsecured Claims may receive a substantially reduced recovery. For risks relating to the Debtors' ability to confirm the Debtors' Plan, please see the risk factors enumerated in the Debtors' Disclosure Statement at Article VII.A.

**K ~~J~~ *Nonconsensual confirmation of the Equity Committee Plan may be necessary.***

In the event that any impaired class of claims or equity interests does not accept a chapter 11 plan, a bankruptcy court may nevertheless confirm such a plan at the proponents' request if at least one impaired class has accepted the plan (with such acceptance being determined without including the vote of any "insider" in such class), and, as to each impaired class that has not accepted the plan, the bankruptcy court determines that the plan "does not discriminate unfairly" and is "fair and equitable" with respect to the dissenting impaired classes. The Equity Committee believes that the Equity Committee Plan satisfies these requirements, and the Equity Committee may request such nonconsensual confirmation in accordance with subsection 1129(b) of the Bankruptcy Code. Nevertheless, there can be no assurance that the Bankruptcy Court will reach this conclusion.

**L ~~K~~ *The Bankruptcy Court may reject the Equity Committee's valuation of Reorganized Tronox.***

As discussed herein, the Equity Committee supports a total enterprise value of Reorganized Tronox as of the Effective Date in the range of \$1.2 to \$1.3 billion, with a mid-point valuation of \$1.25 billion. As part of the confirmation process, it is likely that the Debtors, the Equity Committee and other parties, including the Ad Hoc Bondholders, will enter into litigation as to the appropriate valuation of Reorganized Tronox, the outcome of which is uncertain. There is a risk that the Bankruptcy Court will conclude that the value of Reorganized Tronox is less than \$1.15 billion, which would impair the Equity Committee's ability to confirm the Equity Committee Plan and may result in little or no recovery to Holders of Equity Stock Interests.

**M ~~L~~ *Tronox may object to the amount or classification of a claim.***

Please refer to Article VII.A.(viii) of the Debtors' Disclosure Statement for further information regarding this risk factor.

**N ~~M~~ *Tronox may not be able to achieve its projected financial results.***

Please refer to Article VII.B.(i) of the Debtors' Disclosure Statement for further information regarding this risk factor.

**O ~~N~~ *A liquid trading market for the New Common Stock is unlikely to develop.***

A liquid trading market for the New Common Stock is unlikely to develop. As of the Effective Date, the New Common Stock will not be listed for trading on any stock exchange or trading system. Consequently, the trading liquidity of the New Common Stock will be limited. The future liquidity of the trading market for the New Common Stock will depend, among other things, upon the number of Holders of New Common Stock, and whether the stock is listed for trading on an exchange.

The Plan Equity Sponsor Agreement contains a covenant for Tronox to use commercially reasonable efforts to seek registration of the New Common Stock. If Tronox is found to fail to comply with this covenant, it may not meet the conditions required for the Plan Equity Sponsors to backstop the Rights Offering.

**P ~~O~~ *No distributions may be made from the Anadarko Litigation Trust if Tronox is not successful in the Anadarko Litigation.***

Please refer to Article VII.B.(iii) of the Debtors' Disclosure Statement for further information regarding this risk factor.

**Q. ~~P.~~ *The Rights Offering may not be fully funded.***

The Equity Committee is relying on the \$185 million in proceeds received from the Rights Offering to fund Tronox's obligations under the Equity Committee Plan. As such, a condition precedent to the Effective Date of the Equity Committee Plan is that the Rights Offering is consummated and fully funded. The Plan Equity Sponsors have entered into the Plan Equity Sponsor Agreement (described in Article V above) in which the Plan Equity Sponsors agreed to backstop the Rights Offering. However there are certain conditions precedent in the Plan Equity Sponsor Agreement that must be met, including that the Approval Order be entered prior to solicitation of either the Debtors' plan of reorganization or this Plan. If the Tronox Debtors and the Equity Committee are not able to meet these conditions, the Plan Equity Sponsors shall not be obligated to backstop the Rights Offering and may decide not to backstop the Rights Offering and the Equity Committee and the Debtors will not be able to effectuate the Equity Committee Plan.

**R. ~~Q.~~ *The labor and employment laws in many jurisdictions in which Tronox operates are more restrictive than in the United States. Tronox's relationship with its employees could deteriorate, which could adversely affect their operations.***

Please refer to Article VII.C.(i) of the Debtors' Disclosure Statement for further information regarding this risk factor.

**S. ~~R.~~ *Interruptions of operations at Tronox's facilities may result in liabilities or lower operating results.***

Please refer to Article VII.C.(ii) of the Debtors' Disclosure Statement for further information regarding this risk factor.

**T. ~~S.~~ *Violations or noncompliance with the extensive environmental, health and safety laws and regulations to which Tronox is subject could result in unanticipated loss or liability.***

Please refer to Article VII.C.(iii) of the Debtors' Disclosure Statement for further information regarding this risk factor.

**U. ~~T.~~ *Tronox may need additional capital in the future and may not be able to obtain it on favorable terms, if at all.***

Please refer to Article VII.C.(iv) of the Debtors' Disclosure Statement for further information regarding this risk factor.

**V. ~~U.~~ *Market conditions and cyclical factors that adversely affect the demand for the end-use products that contain the Tronox's titanium dioxide could adversely affect Tronox's results.***

Please refer to Article VII.C.(v) of the Debtors' Disclosure Statement for further information regarding this risk factor.

**W. ~~V.~~ *The business, financial condition and results of operations of Tronox could be adversely affected by global and regional economic downturns and other conditions.***

Please refer to Article VII.C.(vi) of the Debtors' Disclosure Statement for further information regarding this risk factor.

**X. ~~W.~~ *The results of Tronox's operations may be adversely affected by fluctuations in currency exchange rates.***

Please refer to Article VII.C.(vii) of the Debtors' Disclosure Statement for further information regarding this risk factor.

**Y** ~~**X**~~ *Tronox's industry and the end-use markets in which they compete are highly competitive. This competition may adversely affect the Tronox Debtors' results of operations and operating cash flows.*

Please refer to Article VII.C.(viii) of the Debtors' Disclosure Statement for further information regarding this risk factor.

**Z** ~~**Y**~~ *Fluctuations in costs of Tronox's raw materials or its access to supplies of its raw materials could have an adverse effect on its results of operations.*

Please refer to Article VII.C.(ix) of the Debtors' Disclosure Statement for further information regarding this risk factor.

**AA** ~~**Z**~~ *Third parties may develop new intellectual property rights for new processes and/or products that Tronox would want to use, but would be unable to do so; or, third parties may claim that the products Tronox makes or the processes Tronox uses infringe their intellectual property rights, which may cause Tronox to pay unexpected litigation costs or damages or prevent the Tronox Debtors from making, using or selling the products the Tronox Debtors make or require the Tronox Debtors to alter the processes they use.*

Please refer to Article VII.C.(x) of the Debtors' Disclosure Statement for further information regarding this risk factor.

**BB** ~~**AA**~~ *If the Tronox Debtors are not able to continue their technological innovation and successful commercial introduction of new products, their profitability could be adversely affected.*

Please refer to Article VII.C.(xi) of the Debtors' Disclosure Statement for further information regarding this risk factor.

**CC** ~~**BB**~~ *If the Tronox Debtors' intellectual property were compromised or copied by competitors, or if competitors were to develop similar intellectual property independently, their results of operations could be negatively affected.*

Please refer to Article VII.C.(xii) of the Debtors' Disclosure Statement for further information regarding this risk factor.

**DD** ~~**CC**~~ *Shared control of the Tronox Debtors' joint venture may delay decisions or actions important for operations.*

Please refer to Article VII.C.(xiii) of the Debtors' Disclosure Statement for further information regarding this risk factor.

**EE** ~~**DD**~~ *Exxaro may assert a right of first refusal over the assets owned by Tronox in the joint venture.*

Please refer to Article VII.C.(xiv) of the Debtors' Disclosure Statement for further information regarding this risk factor.

**EE** ~~**EE**~~ *If the Tronox Debtors do not invest in the joint venture, certain negative implications may result.*

Please refer to Article VII.C.(xv) of the Debtors' Disclosure Statement for further information regarding this risk factor.

~~CC.~~ ~~FF.~~ *The Tronox Debtors' business will suffer if certain key officers or employees discontinue employment with them.*

Please refer to Article VII.C.(xvi) of the Debtors' Disclosure Statement for further information regarding this risk factor.

## XXII. ~~XXI.~~ **IMPORTANT SECURITIES LAWS DISCLOSURE**

Under the Plan, shares of New Common Stock will be distributed to Holders of Claims in Classes 3 and 6, and New Warrants (together with the New Common Stock, the "Plan Securities") will be issued to the Holders of Equity Interests in Class 8.

Reorganized Tronox and Tronox will rely on section 1145 of the Bankruptcy Code to exempt from the registration requirements of the Securities Act the offer and distribution of the Plan Securities and any New Common Stock issued pursuant to the terms thereof, other than the New Common Stock issued pursuant to the Plan Equity Sponsor Agreement. Section 1145(a)(1) of the Bankruptcy Code exempts the offer and sale of securities under a plan of reorganization from registration under Section 5 of the Securities Act and state laws when such securities are to be exchanged for claims or principally in exchange for claims and partly for cash. In general, securities issued under section 1145 of the Bankruptcy Code may be resold without registration unless the recipient is an "underwriter" with respect to those securities. Section 1145(b)(1) of the Bankruptcy Code defines an "underwriter" as any person who:

- purchases a claim against, an interest in or a claim for an administrative expense against the debtor, if that purchase is with a view to distributing any security received in exchange for such a claim or interest;
- offers to sell securities offered under a plan of reorganization for the holders of those securities;
- offers to buy those securities from the holders of the securities, if the offer to buy is (i) with a view to distributing those securities; and (ii) under an agreement made in connection with the plan of reorganization, the completion of the plan of reorganization or with the offer or sale of securities under the plan of reorganization; or
- is an issuer with respect to the securities, as the term "issuer" is defined in Section 2(a)(11) of the Securities Act.

To the extent that persons who receive the Plan Securities are deemed to be "underwriters," resales by those persons would not be exempted from registration under the Securities Act or other applicable law by section 1145 of the Bankruptcy Code. Those persons would, however, be permitted to sell New Common Stock or other securities without registration if they are able to comply with the provisions of Rule 144 under the Securities Act, as described further below.

*You should confer with your own legal advisors to help determine whether or not you are an "underwriter."*

Under certain circumstances, Holders of New Common Stock deemed to be "underwriters" may be entitled to resell their securities pursuant to the limited safe harbor resale provisions of Rule 144 of the Securities Act, to the extent available and in compliance with applicable state securities laws. Generally, Rule 144 of the Securities Act provides that persons who are affiliates of an issuer who resell securities will not be deemed to be underwriters if certain conditions are met. These conditions include the requirement that current public information with respect to the issuer be available, a limitation as to the amount of securities that may be sold, the requirement that the securities be sold in a "brokers' transaction" or in a transaction directly with a "market maker" and that notice of the resale be filed with the SEC.

Recipients of Plan Securities issued pursuant to Section 4(2) of the Securities Act of 1933, as amended, may be able to resell their securities freely within six months from the issuance thereof.

### **XXIII. ~~XXII.~~ CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN**

The following discussion summarizes certain federal income tax consequences of the Plan to Tronox, the Tort Claims Trust, the Anadarko Litigation Trust, and the Holders of Claims and Equity Interests, based upon the Internal Revenue Code of 1986, as amended (the “IRC”), Treasury regulations promulgated thereunder, judicial authorities and current administrative rulings and practices now in effect, all of which are subject to change at any time by legislative, judicial or administrative action. Any such change could be retroactively applied in a manner that could adversely affect Tronox, the Tort Claims Trust, the Anadarko Litigation Trust, and Holders of Claims and Equity Interests. In particular, some of the consequences discussed herein are based on Treasury regulations or IRS Notices that have been proposed but not finalized, which regulations are particularly susceptible to change at any time.

The tax consequences of certain aspects of the Plan are uncertain due to the lack of applicable legal authority and may be subject to administrative or judicial interpretations that differ from the discussion below. Tronox has not requested, nor does it intend to request, a tax ruling from the Internal Revenue Service (the “IRS”). Consequently, there can be no assurance that the treatment set forth in the following discussion will be accepted by the IRS. Further, the federal income tax consequences to Tronox, the Tort Claims Trust the Anadarko Litigation Trust, and Holders of Claims and Equity Interests is uncertain and may be affected by matters not discussed below. For example, the following discussion does not address state, local or foreign tax considerations that may be applicable and the discussion does not address the tax consequences of the Plan to certain types of Holders of Claims, creditors and stockholders (including foreign persons, financial institutions, life insurance companies, tax-exempt organizations and taxpayers who may be subject to the alternative minimum tax) who may be subject to special rules not addressed herein.

**THE DISCUSSION SET FORTH BELOW IS INCLUDED FOR GENERAL INFORMATION ONLY. THE PLAN PROPONENTS AND THEIR COUNSEL AND FINANCIAL ADVISORS ARE NOT MAKING ANY REPRESENTATIONS REGARDING THE PARTICULAR TAX CONSEQUENCES OF CONFIRMATION AND CONSUMMATION OF THE PLAN, NOR ARE THEY RENDERING ANY FORM OF LEGAL OPINION OR TAX ADVICE ON SUCH TAX CONSEQUENCES. THE TAX LAWS APPLICABLE TO CORPORATIONS IN BANKRUPTCY ARE EXTREMELY COMPLEX, AND THE FOLLOWING SUMMARY IS NOT EXHAUSTIVE. HOLDERS OF CLAIMS ARE STRONGLY URGED TO CONSULT THEIR TAX ADVISORS REGARDING TAX CONSEQUENCES OF THE PLAN, INCLUDING U.S. FEDERAL, STATE AND LOCAL AND FOREIGN TAX CONSEQUENCES.**

**INTERNAL REVENUE SERVICE CIRCULAR 230 DISCLOSURE: TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE INTERNAL REVENUE SERVICE, ANY TAX ADVICE CONTAINED IN THIS DISCLOSURE STATEMENT (INCLUDING ANY ATTACHMENTS) IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING TAX-RELATED PENALTIES UNDER THE INTERNAL REVENUE CODE. TAX ADVICE CONTAINED IN THIS DISCLOSURE STATEMENT (INCLUDING ANY ATTACHMENTS) IS WRITTEN TO SUPPORT THE PROMOTION AND MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED BY THIS DISCLOSURE STATEMENT. EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER’S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.**

#### **(i) General Discussion**

Please refer to Article IX.(i) of the Debtors’ Disclosure Statement for further information regarding this aspect of the U.S. federal income tax consequences of the Plan.

(ii) *Deduction of Amounts Transferred to Satisfy Tort and Environmental Claims*

Please refer to Article IX.(ii) of the Debtors' Disclosure Statement for further information regarding this aspect of the U.S. federal income tax consequences of the Plan.

(iii) *Cancellation of Debt Income*

Please refer to Article IX.(iii) of the Debtors' Disclosure Statement for further information regarding this aspect of the U.S. federal income tax consequences of the Plan.

(iv) *Limitation on NOLs and Built-in Losses*

Please refer to Article IX.(iv) of the Debtors' Disclosure Statement for further information regarding this aspect of the U.S. federal income tax consequences of the Plan.

**A. *Consequences to Holders of Allowed Claims***

(i) *Consequences to Holders of Class 3-General Unsecured Claims*

Please refer to Article IX.O.(i) of the Debtors' Disclosure Statement for further information regarding this aspect of the U.S. federal income tax consequences of the Plan.

(a) *Unsecured Notes*

Please refer to Article IX.O of the Debtors' Disclosure Statement for further information regarding this aspect of the U.S. federal income tax consequences of the Plan.

(b) *Other Class 3 General Unsecured Claims*

Please refer to Article IX.O.(i) of the Debtors' Disclosure Statement for further information regarding this aspect of the U.S. federal income tax consequences of the Plan.

(ii) *Consequences to Holders of Class 4-Tort Claims*

Please refer to Article IX.O.(ii) of the Debtors' Disclosure Statement for further information regarding this aspect of the U.S. federal income tax consequences of the Plan.

(iii) *Consequences to Holders of Class 5-Environmental Claims*

Please refer to Article IX.O.(iii) of the Debtors' Disclosure Statement for further information regarding this aspect of the U.S. federal income tax consequences of the Plan.

(iv) *Consequences to Holders of Class 6-Indirect Environmental Claims*

Please refer to Article IX.O.(iv) of the Debtors' Disclosure Statement for further information regarding this aspect of the U.S. federal income tax consequences of the Plan.

(v) *Consequences to Holders of Class 7-Convenience Claims*

Please refer to Article IX.O.(v) of the Debtors' Disclosure Statement for further information regarding this aspect of the U.S. federal income tax consequences of the Plan.

(vi) Consequences to Holders of Class 8-Equity Stock Interests in Tronox Incorporated

Holders of Equity Stock Interests in Tronox Incorporated will receive New Warrants and, in the case of Eligible Holders, the right to participate in the Rights Offering (the “Stock Rights”). Holders of such Equity Interests will therefore not recognize any gain or loss with respect to such exchange, but will instead be treated as having exchanged their stock for warrants and, in the case of Eligible Holders, stock rights in a tax-free reorganization. A Holder’s tax basis in its New Warrants and any Stock Rights will be the same tax basis that such Holder had in its Tronox Incorporated Equity Stock Interest, and the Holder will have a holding period in such New Warrants and any such Stock Rights that includes the period that such Holder held such Equity Stock Interest.

(vii) Consequences to Holders of Class 9-Other Equity Interests

Holders of Other Equity Interests in Tronox Incorporated shall receive no consideration under the Plan. In that case, such Holders would recognize a loss with respect to such Other Equity Interests in an amount equal to their tax basis in such Other Equity Interests. This loss would be a capital loss to the extent that such Holder held such Other Equity Interests as a capital loss, and would be a long-term capital loss if such Holder has held such Other Equity Interests for more than one year.

(viii) Treatment of the Environmental Response Trusts, the Tort Claims Trust and the Anadarko Litigation Trust

Please refer to Article IX.O.(vii) of the Debtors’ Disclosure Statement for further information regarding this aspect of the U.S. federal income tax consequences of the Plan.

(ix) Accrued but Untaxed Interest

Please refer to Article IX.O.(viii) of the Debtors’ Disclosure Statement for further information regarding this aspect of the U.S. federal income tax consequences of the Plan.

**HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE ALLOCATION OF CONSIDERATION RECEIVED IN SATISFACTION OF THEIR CLAIMS AND THE FEDERAL INCOME TAX TREATMENT OF ACCRUED BUT UNPAID INTEREST.**

(x) Market Discount

Please refer to Article IX.O.(ix) of the Debtors’ Disclosure Statement for further information regarding this aspect of the U.S. federal income tax consequences of the Plan.

In addition, if (i) debt acquired with market discount is surrendered in a transaction in which gain or loss is not recognized, (ii) the Holder has not included the market discount in income as it accrued, and (iii) the property received in exchange has a tax basis determined in whole or in part by reference to the basis of the surrendered debt, then gain subsequently realized with respect to such property received will be ordinary income to the extent of any such accrued market discount on the surrendered debt.

**B. Information Reporting and Backup Withholding**

Please refer to Article IX.P of the Debtors’ Disclosure Statement for further information regarding this aspect of the U.S. federal income tax consequences of the Plan. The backup withholding rate is scheduled under current law to revert to 31% on January 1, 2011.



#### XXIV. ~~XXIII.~~ RECOMMENDATION

In the opinion of the Equity Committee, the Plan is preferable to the alternatives described in the Debtors' Disclosure Statement with respect to the Debtors' Plan because it provides for a larger distribution to Tronox's creditors and other stakeholders than would otherwise result from the Debtors' Plan or in a liquidation under chapter 7 of the Bankruptcy Code. Accordingly, the Equity Committee recommends that Holders of Claims and Equity Interests entitled to vote on the Equity Committee Plan support Confirmation of the Equity Committee Plan and vote to accept the Equity Committee Plan.

New York, New York  
Dated: September ~~20~~22, 2010

OFFICIAL COMMITTEE OF EQUITY SECURITY HOLDERS  
OF TRONOX INCORPORATED

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Holders of Tronox Incorporated

**EXHIBIT A**

**EQUITY COMMITTEE PLAN OF REORGANIZATION**

**EXHIBIT B**

**DISCLOSURE STATEMENT ORDER**

**EXHIBIT C**

**VALUATION ANALYSIS**

Young & Partners LLC (“Young”), financial advisor to the Equity Committee, has performed an analysis of the estimated value of Reorganized Tronox on a going-concern basis.

In preparing its analysis, Young has, among other things: (i) reviewed certain recent publicly available financial results of Tronox; (ii) discussed with certain senior executives the current operations and prospects of Tronox; (iii) reviewed certain operating and financial forecasts prepared by Tronox, including the business projections provided by the senior executives of Tronox (the “Projections”); (iv) discussed with certain senior executives of Tronox key assumptions related to the Projections; (v) considered the market value of certain publicly-traded companies in businesses reasonably comparable to the operating businesses of Tronox; (vi) considered the value assigned to certain precedent transactions for businesses reasonably similar to Tronox; (vii) considered the reasonableness of conducting a discounted cash flow analysis based on the Projections, given the limited nature of the forecast period incorporated by the Projections; and (viii) conducted such other analyses as Young deemed necessary under the circumstances.

Young assumed, without independent verification, the accuracy, completeness and fairness of all of the financial and other information available to it from public sources or as provided by Tronox or its representatives. For the purposes of its valuation analysis, Young relied upon the Projections prepared by senior executives of Tronox, and assumed the Projections have been reasonably prepared on a basis reflecting Tronox’s best estimates and judgment as to future operating and financial performance. Young believes, however, that a number of the estimates provided in the Projections to be unduly conservative. Young did not make any independent evaluation of Tronox’s assets, nor did Young verify any of the information it reviewed. To the extent the valuation is dependent upon Reorganized Tronox’s achievement of the Projections, the valuation must be considered speculative. Young does not make any representation or warranty as to the fairness of the terms of the Plan.

In addition to the foregoing, Young relied upon the following assumptions with respect to the valuation of Tronox:

- Reorganized Tronox is successfully reorganized with an assumed emergence date of September 30, 2010;
- Reorganized Tronox is reorganized excluding its legacy environmental and tort liabilities;
- Excess cash accumulated prior to exit is used to fund Environmental Response Trusts and Tort Claims Trusts;
- Nevada Assets are contributed to the Environmental Response Trusts;
- Reorganized Tronox is able to recapitalize with adequate liquidity upon emergence from bankruptcy;
- Tronox funds an acquisition of an additional ownership stake at its Australian joint venture at exit;
- No significant disruption of operations (*e.g.*, no unanticipated customer losses or plant shutdowns); and
- Capital markets consistent with those that existed as of August 2010.

As a result of such analyses, review, discussions, considerations and assumptions, Young estimates the total enterprise value (“TEV”) of Reorganized Tronox at approximately **\$1,200 million to \$1,300 million, with a midpoint of \$1,250 million.**

The implied reorganized equity value ascribed in this analysis does not purport to be an estimate of the post-reorganization market trading value. Such trading value may be materially different from the implied reorganized equity value ranges associated with Young’s valuation analysis. Young’s estimate is based on economic, market, financial and other conditions as they exist, and on the information made available as of, the date of this Disclosure Statement. It should be understood that, although subsequent developments, before or after the

Confirmation Hearing, may affect Young's conclusions, Young does not have any obligation to update, revise or reaffirm its estimate. The summary set forth above does not purport to be a complete description of the analyses performed by Young. The preparation of an estimate involves various determinations as to the most appropriate and relevant methods of financial analysis and the application of these methods in the particular circumstances. The value of an operating business is subject to uncertainties and contingencies that are difficult to predict and will fluctuate with changes in factors affecting the financial conditions and prospects of such a business. As a result, the estimate of implied reorganized value set forth herein is not necessarily indicative of actual outcomes, which may be significantly more or less favorable than those set forth herein. In addition, estimates of implied reorganized value do not purport to be appraisals, nor do they necessarily reflect the values that might be realized if assets were sold. The estimates prepared by Young assume that Reorganized Tronox will continue as the owner and operator of its businesses and assets and that such assets are operated in accordance with Tronox's business plan. Depending on the results of Tronox's operations or changes in the financial markets, Young's valuation analysis as of the Effective Date may differ from that disclosed herein.

In addition, the valuation of newly issued securities, such as the New Common Stock, is subject to additional uncertainties and contingencies, all of which are difficult to predict. Actual market prices of such securities at issuance will depend upon, among other things, prevailing interest rates, conditions in the financial markets and other factors that generally influence the prices of securities. Actual market prices of such securities also may be affected by other factors not possible to predict. Accordingly, the implied reorganized equity value estimated by Young does not necessarily reflect, and should not be construed as reflecting, values that will be attained in the public or private markets.

THE FOREGOING VALUATION IS BASED UPON A NUMBER OF ESTIMATES AND ASSUMPTIONS THAT ARE INHERENTLY SUBJECT TO SIGNIFICANT UNCERTAINTIES AND CONTINGENCIES BEYOND THE CONTROL OF TRONOX OR REORGANIZED TRONOX. ACCORDINGLY, THERE CAN BE NO ASSURANCE THAT THE RANGES REFLECTED IN THE VALUATION WOULD BE REALIZED IF THE PLAN WERE TO BECOME EFFECTIVE, AND ACTUAL RESULTS COULD VARY MATERIALLY FROM THOSE SHOWN HERE.

THE ESTIMATED CALCULATION OF ENTERPRISE VALUE IS HIGHLY DEPENDENT UPON ACHIEVING THE FUTURE FINANCIAL RESULTS AS SET FORTH IN THE TRONOX'S PROJECTIONS, AS WELL AS THE REALIZATION OF CERTAIN OTHER ASSUMPTIONS, NONE OF WHICH ARE GUARANTEED AND MANY OF WHICH ARE OUTSIDE OF TRONOX'S CONTROL, AS FURTHER DISCUSSED IN ARTICLE XX, RISK FACTORS.

THE CALCULATIONS OF VALUE SET FORTH HEREIN REPRESENT ESTIMATED REORGANIZATION VALUES AND DO NOT NECESSARILY REFLECT VALUES THAT COULD BE ATTAINABLE IN PUBLIC OR PRIVATE MARKETS. THE ENTERPRISE VALUES STATED HEREIN DO NOT PURPORT TO BE AN ESTIMATE OF THE POST-REORGANIZATION ENTERPRISE VALUE. NO RESPONSIBILITY IS TAKEN BY YOUNG FOR CHANGES IN MARKET CONDITIONS AND NO OBLIGATIONS ARE ASSUMED TO REVISE THIS CALCULATION OF REORGANIZED TRONOX'S VALUE TO REFLECT EVENTS OR CONDITIONS THAT SUBSEQUENTLY OCCUR. THE CALCULATIONS OF VALUE DO NOT CONFORM TO THE UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE OF THE APPRAISAL FOUNDATION.