

Tronox Incorporated
RESTRUCTURING PROPOSAL¹

This term sheet (“Term Sheet”) constitutes an exhibit to the Equity Commitment Agreement (the “Equity Commitment Agreement”) entered into between Tronox Incorporated (together with its affiliate debtor subsidiaries, collectively “Tronox”, and as reorganized debtors, “Reorganized Tronox”) and sets forth the principal terms of a proposed restructuring (the “Restructuring”) of Tronox to be implemented pursuant to a First Amended Joint Proposed Plan of Reorganization to be filed in their pending chapter 11 bankruptcy cases (the “Chapter 11 Cases”) in the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”).

Implementation of the Restructuring: The Restructuring shall be effected pursuant to the First Amended Plan and the definitive documentation for the Restructuring, including the documentation for the Rights Offering, and such other documentation as is necessary or desirable in connection with the Restructuring as set forth in the First Amended Plan (collectively, the “Definitive Restructuring Documentation”). The Parties² shall mutually agree upon and seek approval of the Definitive Restructuring Documentation on an expedited basis, subject, in the case of the Government Environmental Entities, to approval and public notice provisions, which shall reflect the terms and conditions set forth herein and such other customary terms and conditions as shall be acceptable to the Parties (and, to the extent the terms and conditions are inconsistent with the terms of the Replacement DIP Agreement or adversely affect the interests, liens, rights, remedies, benefits or other protections of any or all of the Replacement DIP Agent and the Lenders under the Credit Documents, the Replacement DIP Agent).

The Definitive Restructuring Documentation will include, among other things, various environmental settlement documents (including the Environmental Claims Settlement Agreement and related exhibits and appendices) concerning the resolution of Environmental Claims that shall be submitted for the approval of officials authorized on behalf of the Government Environmental Entities that have, or have asserted, Environmental Claims. The Environmental Settlement Documents shall then be submitted to the Bankruptcy Court for approval contemporaneously with, but subject to, public notice and public comment procedures under applicable environmental law.

The Equity Commitment Agreement contains terms and conditions concerning (a) the \$15 million New Convertible Preferred Stock, (b) the Rights Offering and (c) the Backstop Consideration (as each such term is defined herein). The Equity Commitment Agreement shall be submitted to the Bankruptcy Court for approval on an expedited basis so that it is approved on the same day as or prior to the hearing on Tronox’s Disclosure Statement. On the date of execution of the Equity Commitment Agreement by the Backstop Parties and Tronox, Tronox will issue a press release which makes public all material non-public information provided to the Backstop Parties, such that, immediately following such disclosure, no Backstop Party will be prohibited from trading in Tronox’s securities by virtue of having been provided information by Tronox and its

¹ Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Equity Commitment Agreement. If there are any discrepancies between this Term Sheet and the Equity Commitment Agreement, the Equity Commitment Agreement shall prevail.

² The Parties shall be Tronox, the Creditors’ Committee, the United States, the Nevada Department of Environmental Protection and the Colorado River Authorities, and the Backstop Parties.

advisors (whether directly or indirectly through the Backstop Parties' advisors).

Tronox shall continuously consult with the legal and financial advisors of the other Parties, and shall not undertake any material action with respect to the Restructuring or otherwise without first consulting with such advisors. For so long as the Equity Commitment Agreement is in effect, Tronox shall also consult with the Backstop Parties or their advisors on all material business matters, including matters relating to environmental remediation, Hedging and the Kwinana Investment (each as defined in the Replacement DIP Credit Agreement), and the entry into any material contract.

**Plan Financing
Sources/Funding of
Reorganized Tronox**

The proceeds from the Exit Facility, the purchase of New Common Stock pursuant to the Rights Offering, the purchase of the New Common Stock pursuant to the Equity Commitment Agreement if the Rights Offering is not fully subscribed, and the purchase of the New Convertible Preferred Stock to be issued on the Effective Date shall be used by Reorganized Tronox to: (i) fund the Environmental Response Trusts, Tort Claims Trust and Anadarko Litigation Trust, and to make certain payments with respect to Claims of Government Environmental Entities; (ii) provide working capital to Reorganized Tronox after the Effective Date; and (iii) provide cash sufficient for Tronox to make distributions to creditors under the First Amended Plan in accordance with this Term Sheet.

Exit Financing:

On the Effective Date, Reorganized Tronox will have no more than **\$468.1 million in funded debt**, as follows:

- \$425 million in loans outstanding under a senior secured term loan facility, either under an amended Replacement DIP Facility having converted into an Exit Facility per its terms, or under a new credit facility (the "Term Facility");
- \$43.1 in loans funded under an asset-based revolving credit facility of \$125 million (with an additional \$28 million face amount in issued letters of credit) (such facility, the "Revolving Facility", and together with the Term Facility, the "Exit Financing").

The terms of the Exit Financing shall be reasonably satisfactory to the Creditors' Committee and the Backstop Parties, and shall in no event be less favorable to Tronox than the terms and conditions of the Replacement DIP Facility (as converted to an Exit Facility per its terms). The Creditors' Committee and the Backstop Parties shall be consulted on all matters relating to the Exit Financing.

***New Money
Investments and
Backstop
Consideration:***

\$15 million New Convertible Preferred Stock: On the Effective Date, the Backstop Parties will fund \$15 million in Cash and, in exchange, Reorganized Tronox will issue to the Backstop Parties shares of the New Convertible Preferred Stock, with an aggregate liquidation preference of \$15 million. Dividends on the New Convertible Preferred Stock will accrue at a rate of 8% per annum payable quarterly in Cash. The Convertible Preferred Stock may be converted into shares of New Common Stock at the election of the Holders thereof at an \$850 million total enterprise valuation (which represents 3.9% of the New Common Stock if converted on the Effective Date, subject to dilution by shares issued in connection with the Management Equity Plan and exercise of the New Warrants). The additional terms of the New Convertible Preferred Stock are set forth in the Preferred Stock Certificate of Designations attached as Exhibit A to the Equity Commitment Agreement.

\$170 million Backstopped Rights Offering: Pursuant to the terms of the Equity Commitment Agreement, the purchasers party to the Equity Commitment Agreement (the “Backstop Parties”) have agreed to purchase New Common Stock not otherwise purchased by Eligible Holders (as defined below) in the Rights Offering, which will provide for the Sale of New Common Stock of Reorganized Tronox on the following terms:

- Reorganized Tronox will raise up to \$170 million in cash in exchange for an aggregate of up to 78.4% of the New Common Stock issued on the Effective Date, subject to dilution by shares issued in connection with the Management Equity Plan, conversion of the New Convertible Preferred Stock and exercise of the New Warrants.
- Eligible Holders will have rights to purchase New Common Stock based upon a \$700 million setup enterprise valuation.

Backstop Consideration: In connection with the Rights Offering, the Backstop Parties shall be entitled to a fee of 6% of the aggregate Offered Shares, being 705,394 shares of New Common Stock (the “Equity Backstop Consideration”), representing 4.7 % of the New Common Stock issued on the Effective Date, subject to dilution by shares issued in connection with the Management Equity Plan, conversion of the New Convertible Preferred Stock and exercise of the New Warrants. In the event the Equity Commitment Agreement is terminated without the Rights Offering having been consummated (for reasons other than a breach by any Backstop Party), the Backstop Parties shall (with certain exceptions as set forth in the Equity Commitment Agreement) be entitled to a cash termination fee equal to 6% of \$185 million (the aggregate purchase price of the Offered Shares and the New Convertible Stock) or \$11.1 million (the “Cash Backstop Consideration” and together with the Equity Backstop Consideration, the “Backstop Consideration”), payable by Tronox as an administrative expense.

Equity Commitment Agreement: The Equity Commitment Agreement will be finalized and executed on or before August 27, and Tronox will file a motion on the same day to obtain Bankruptcy Court approval, on an expedited basis, of the terms and conditions set forth in the Equity Commitment Agreement, including but not limited to payment of the Backstop Consideration, and will use reasonable best efforts to ensure that such motion is heard by the Bankruptcy Court no later than September 16, 2010.

Rights Offering

Right to Subscribe: All Eligible Holders will have a right to participate in the Rights Offering on a *pro rata* basis based on their respective Allowed Claims with respect to Tronox (subject to rounding requirements), provided, however, that for holders of Indirect Environmental Claims, their respective Allowed Claim for purposes of participation in the Rights Offering shall be limited to 50% of such Allowed Claim. The aggregate purchase price for the shares of New Tronox Common Stock issuable upon exercise of the Rights shall be \$170 million. The Rights will not be transferable; provided, however, the right to receive shares distributable on account of exercised Rights shall be transferable with and non-severable from the underlying Claim against Tronox to which such Rights relate.

“Eligible Holder” means any Person who, as of the record date of the Rights Offering, is (A) a holder of a General Unsecured Claim against Tronox in excess of \$250 and/or (B) a holder of an Indirect Environmental Claim against Tronox in excess of \$500, provided, in each case, that such Claim has been Allowed on or before the Rights Expiration Date.

Treatment of Claims against Tronox

The First Amended Plan shall provide for the following treatment of Claims filed against, and Equity Interests in, Tronox in the Chapter 11 Cases and such other terms not inconsistent with this Term Sheet, as shall be acceptable to the Parties.

Replacement DIP Facility Claims:

On the Effective Date, the Replacement DIP Facility (as it may be amended with the consent of the Backstop Parties and the Credit Committee) shall convert into an Exit Facility as per its terms or shall be repaid in full.

Administrative Claims:

Unless otherwise agreed to by the holder of an Allowed Administrative Claim and Tronox (with the consent of the Creditors’ Committee and the Required Backstop Parties), Allowed Administrative Claims (other than any Environmental Claims that are administrative Claims, which shall be addressed exclusively pursuant to the Environmental Claims Settlement Agreement) shall be paid in full in cash on the Effective Date or, if not yet Allowed on the Effective Date, within 30 days after such Claim becomes Allowed.

Priority Tax and Non-Tax Claims:

Allowed Priority Tax Claims and Non-Tax Claims will be paid in full in cash on the Effective Date, or as soon thereafter as practicable.

Other Secured Claims

All other secured Claims shall be paid in full on the Effective Date (or, if payment is not then due, shall be paid in accordance with its terms) or otherwise left unimpaired.

Intercompany Claims

At the option of Tronox or Reorganized Tronox (with the consent of the Creditors’ Committee and the Backstop Parties), all Intercompany Claims shall be reinstated, cancelled, eliminated or contributed to the capital of the obligor entity.

Pension Claims

All qualified pension obligations of Tronox prior to the Effective Date shall be assumed by Reorganized Tronox, including the Tronox Incorporated Retirement Plan.

**General
Unsecured
Claims
(Class 3):**

Holders of Allowed General Unsecured Claims against Tronox (which include the Unsecured Notes Claims but do not include Environmental Claims, Tort Claims or Indirect Environmental Claims) will receive:

- their *pro rata* share of the GUC Pool, which consists of New Common Stock equal to 16.9% of the shares of New Common Stock to be issued on the Effective Date, subject to dilution by shares issued in connection with the Management Equity Plan, conversion of the New Convertible Preferred Stock and exercise of the New Warrants; and
- Rights to purchase New Common Stock pursuant to the terms of the Rights Offering, as described above.

**Tort Claims
(Class 4):**

Holders of Allowed Class 4 Tort Claims will receive a Distribution from the Tort Claims Trust in accordance with the Tort Claims Trust Distribution Procedures. On the Effective Date, Tronox will establish the Tort Claims Trust (to be administered by the Tort Claims Trustee, The Garretson Firm Resolution Group, Inc., pursuant to the Tort Claims Trust Agreement) and transfer to the Tort Claims Trust the following consideration:

- 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 shall be reflected in the Anadarko Litigation Trust Agreement);
- The Funded Tort Claims Trust Amount, which shall be \$12.5 million in cash;
- The Tort Claims Insurance Assets, which shall include (a) the net proceeds of any insurance settlements (after deduction of counsel's contingency fee only) and (b) rights to proceeds under any unliquidated policy providing coverage for Tort Claims.

The Tort Claims Trust Distributable Amount will be distributed in accordance with the Tort Claims Trust Agreement according to the following parameters (subject to allocation adjustments to be agreed among representatives for the Tort Claims Trust recipients) :

- ___% subject to adjustment by agreement among representatives of the Holders of Allowed Indirect Environmental Claims and representatives of other Tort Claims Trust recipients, but in no event greater than 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; if the aggregate Allowed amount of such Allowed Indirect Environmental Claims is less than \$40 million, then the ___% shall be proportionally reduced (for example, if the aggregate Allowed amount of said Claims is \$20 million, then Allowed Indirect Environmental Claims shall be allocated ___% of the Tort Claims Trust Distributable Amount);
- 6.25% to Holders of Asbestos Claims and Future Tort Claimants

- 6.25% to Holders of Property Damage Claims if the aggregate Allowed amount of said Property Damage Claims is equal to or greater than \$50 million; if the aggregate Allowed amount of such Claims is less than \$50 million, then the 6.25% shall be proportionally reduced (for example, if the aggregate Allowed amount of such Property Damage Claims is \$25 million, then the Property Damage Claims shall be allocated 50% of 6.25%, or 3.125%, of the Tort Claims Trust Distributable Amount). To the extent Allowed, the Claims filed by Mt. Canaan Church shall fall within the pool allocated to Property Damage Claims.
- The remaining Tort Claims Trust Distributable Amount will be distributed to Holders of Non-Asbestos Toxic Exposure Claims.

The sole recourse of Holders of Tort Claims shall be to the Tort Claims Trust, and such Holders shall have no right at any time to assert Tort Claims against Reorganized Tronox.

Workers Compensation Claims will be expressly excluded from the definition of Tort Claims and will not share in the Tort Claims Distributable Amount. Reorganized Tronox will assume responsibility for ongoing administration and payment of Workers' Compensation Claims in the ordinary course and such Claims shall be unimpaired.

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 on the First Amended Plan in accordance with the Solicitation Procedures. 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.

Environmental Claims (Class 5):

Holders of Class 5 Environmental Claims shall be entitled to treatment of their Environmental Claims and shall receive such consideration as is provided 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:

- The right to 88% of the proceeds of the Anadarko Litigation, in accordance with the Anadarko Litigation Trust Agreement;
- The Funded Environmental Amount, which shall be \$270 million in Cash;
- The Nevada Assets;³ and

³ "Nevada Assets" means (a) Tronox's interest in Basic Management, Inc., (b) Tronox's interest in the Landwell Company, LP and (c) that certain 140 acre parcel of land wholly-owned by Tronox and contiguous to Tronox's Henderson, Nevada facility. For the avoidance of doubt, the Nevada Assets do not include the Henderson, Nevada facility, which facility (but not the real property on which it is located) is included in the Retained Assets and which Reorganized Tronox will continue to own and operate after the Effective Date.

- The Environmental Insurance Assets.⁴

In connection with the First Amended Plan, Tronox, the United States and the applicable Government Environmental Entities will enter into the Environmental Claims Settlement Agreement regarding the Environmental Claims.

The Environmental Claims Settlement Agreement will govern the operation of the Environmental Response Trusts and the role of the United States and the relevant Government Environmental Entities in approving funding of environmental activities, including response or remedial actions, corrective action, closure, post-closure care and restoration for the duration of the Environmental Response Trusts. Tronox and Reorganized Tronox shall have no responsibility or involvement with respect to the Environmental Response Trusts once they are established and funded in accordance with the First Amended Plan; provided, that, to the extent an orderly and complete transfer of files and information related to sites transferred to the Environmental Response Trusts has not yet been completed, Tronox and Reorganized Tronox, as applicable, agree to use commercially reasonable efforts to complete such transfer. The Environmental Claims Settlement Agreement shall be submitted for public notice and comment as required under federal environmental law and, where applicable, state environmental law of the state in which the applicable property is located.

The Environmental Claims Settlement Agreement shall (a) contain covenants not to sue or assert (or, for certain states, to the extent allowable under applicable state and federal law, releases of) any Environmental Claims against Tronox, Reorganized Tronox and any successors in interest (including any Claims and actions pursuant to sections 106 and 107 of CERCLA), (b) provide that Tronox, Reorganized Tronox and any successors in interest shall have protection from contribution actions or Claims with respect to the Owned Sites and the Other Sites (including pursuant to section 113 of CERCLA) and (c) provide for Reorganized Tronox to have access to the Expert Liability Report being prepared in connection with the Anadarko Litigation, as well as the expert drafting such report (it being understood that (c) may be included in a different document, as applicable, including the Anadarko Litigation Trust Agreement). With respect to the Owned Sites and Other Sites covered by the Environmental Settlement Agreement, each such covenant and provision shall be similar to those in the recent Asarco LLC, et al. (Case No. 05-21207) bankruptcy as set forth in the Amended Settlement Agreement regarding Miscellaneous Federal and State Environmental Sites and the Amended Consent Decree (the “Miscellaneous

⁴ “*Environmental Insurance Assets*” means (a) the cash equivalent, in an aggregate amount of 100% of certain financial assurance letters of credit and surety bonds and (b) to the extent applicable, available insurance policies and other rights to reimbursement or contribution for response actions (whether contractual or otherwise) held by Tronox and related to the Environmental Claims, including (i) Forrest Products Division Pollution Legal Liability and Cost Cap Insurance, Commerce & Industry Insurance Company (AIG) (Chartis) Policy Number PLS/CCC 5295422 – Pre Existing Conditions; (ii) Policy Number PLS 5295423 – New Conditions; (iii) Henderson, NV, Pollution Legal Liability Select Clean-Up Cost Cap Insurance Policy, American International Specialty Lines Insurance Company (Chartis), Policy Number 6190315, (iv) The BMI, et al., Pollution Clean-Up and Legal Liability Policy, American International Specialty Lines Insurance Company (Chartis), Policy Number 267-9176; provided, however, that any payments made by Chartis under the Chartis Policies on account of reimbursement claims made by Tronox for expenditures prior to the Effective Date shall be excluded from “Environmental Insurance Assets” and remain the property of Reorganized Tronox.

Settlement”) and Settlement Agreement Establishing a Custodial Trust for certain Owned Sites in Alabama, Arizona, Arkansas, Colorado, Illinois, Indiana, New Mexico, Ohio, Oklahoma, Utah and Washington (“Multi State Custodial Trust Agreement), including in the sections entitled “Covenants Not to Sue” and “Contribution Protection,” but excluding any provisions in paragraph 30 of the Miscellaneous Settlement or paragraph 12(i) of the Multi-State Custodial Trust Agreement.

Notwithstanding anything to the contrary in this Term Sheet, nothing in the First Amended Plan or Confirmation Order shall release, nullify, or preclude any liability of Reorganized Tronox as the owner or operator of a property of Reorganized Tronox with respect to any properties owned or operated after the Effective Date (other than with respect to Henderson, Nevada as set forth in the section entitled “Henderson, Nevada Plant”) and the Confirmation Order shall so provide.

***Indirect
Environmental
Claims
(Class 6):***

Holders of Allowed Indirect Environmental Claims will have their Allowed Claim split for purposes of sharing in the distributions to holders of General Unsecured Claims and holders of Tort Claims as follows:

- 50% of the amount of each Allowed Indirect Environmental Claim will be treated in accordance with the treatment provided to Class 3 General Unsecured Claims, and will receive its *pro rata* share of (i) New Common Stock allocated to the GUC Pool and (ii) rights to participate in the Rights Offering; and
- 50% of the amount of each holder’s Allowed Indirect Environmental Claim will receive its *pro rata* share of 12.5% (subject to the proportional reduction described above) of the Tort Claims Trust Distributable Amount.

***Convenience
Class (Class 7)***

A “convenience” class consisting of (i) Allowed General Unsecured Claims in amounts less than \$250 and (ii) 50% of Allowed Indirect Environmental Claims in amounts less than \$500, shall be created, which shall entitle holders of such Claims (who are ineligible to participate in the Rights Offering) to receive payment in cash on the Effective Date on account of and in full satisfaction of their Claims in an amount equal to 89.0% of such Allowed Convenience Claims or such other percentages as shall be acceptable to Tronox, the Backstop Parties and the Creditors’ Committee, to be funded by the Backstop Parties through the purchase of the shares of New Tronox Common Stock to which the holders belonging to the convenience class would otherwise have been entitled, in lieu of receiving a distribution of New Tronox Common Stock. Holders of relevant Claims in excess of the amount set forth above shall not have the option of electing to reduce their Claims in order to be placed in the convenience class.

***Equity Interests
in Tronox
Incorporated
(Class 8):***

For settlement purposes only, Equity Interests will have the opportunity to vote on the First Amended Plan. **If Class 8 votes to accept the First Amended Plan**, Holders of Equity Interests shall receive their *pro rata* share of New Warrants to be issued on the Effective Date, which shall be convertible into 5% of the New Common Stock to be issued on the Effective Date at an implied total enterprise value for Reorganized Tronox of \$1.5 billion. **If Class 8 votes to reject the First Amended Plan**, Equity Interests will receive no distributions.

Settlement and Releases

Except with respect to Environmental Claims, which shall be treated as set forth herein and in the Environmental Claims Settlement Agreement, all distributions to be made pursuant to the Restructuring will be in full satisfaction of, and represent a settlement of, all disputes and claims, including all lender intercreditor agreements and interests of and between the parties receiving such distributions and including litigation claims, whether known or unknown, arising between or among such parties. Pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, Distributions, releases, and other benefits provided under the First Amended Plan, upon the Effective Date, the provisions of the First Amended Plan shall constitute a good faith compromise and settlement of all Claims and Equity Interests and controversies resolved pursuant to the First Amended Plan.

The First Amended Plan shall contain customary releases, indemnifications, and exculpations.

Nothing in the First Amended Plan, the Plan Supplement or any document related thereto shall in any way release any claim against or liability of the following parties, who are not Released Parties: Lehman Brothers Holdings Inc., Ernst & Young LLP, Kerr-McGee Corporation and Anadarko Petroleum Corporation and their officers, directors, employees, advisors, attorneys, professionals, accountants, investment bankers, consultants, agents and other representatives (including their respective officers, directors, employees, members and professionals) in their capacity as such, whether such Claims or liabilities be direct or indirect, fixed or contingent, including the Claims asserted in the Anadarko Litigation.

For the avoidance of doubt, nothing in the First Amended Plan, the Plan Supplement or any document related thereto shall in any way release any individuals who were former directors or officers of Tronox or their subsidiaries and also were or currently are directors or officers of Kerr-McGee Corporation and/or Anadarko Petroleum Corporation.

2010 Management Bonus Plan

The First Amended Plan will provide for assumption of the cash compensation plan presented by Tronox to the Backstop Parties and referred to as the “2010 Bonus Plan.”

Governance

Board of Directors:

The New Board shall consist of seven (7) directors and shall include the Chief Executive Officer of Reorganized Tronox Incorporated and six other directors who shall each be an “independent director” within the meaning of the rules of the New York Stock Exchange. The members of the Board shall be selected by the Backstop Parties in consultation with Tronox and the Creditors’ Committee, and subject to background checks reasonably satisfactory to Tronox and the Creditors’ Committee; provided that the Creditors’ Committee shall have unconditional veto rights with respect to the selection of two of the directors.

***Registration
Rights Agreement:***

The Backstop Parties and holders of New Convertible Preferred Stock shall be entitled to registration rights pursuant to the Registration Rights Agreement, which shall be in substantially the form attached as Exhibit F to the Equity Commitment Agreement, which form of agreement will also be filed with the Bankruptcy Court as part of the Plan Supplement. On the Effective Date, Reorganized Tronox and the Backstop Parties will execute the final form of Registration Rights Agreement. Any changes to the form of Registration Rights Agreement included as Exhibit F to the Equity Commitment Agreement must be reasonably acceptable to Tronox, the Backstop Parties and the Creditors' Committee.

***Listing of Common
Stock:***

The Parties shall use commercially reasonable efforts to cause as soon as possible after the Effective Date, the shares of New Common Stock to be listed on the NYSE or the NASDAQ Stock Market.

Conditions Precedent

The consummation of the Restructuring pursuant to the First Amended Plan will be subject to customary and appropriate conditions precedent, including the following:

***General
Conditions***

Documentation:

All documentation and pleadings prepared in connection with the Restructuring, including the First Amended Plan, the Definitive Restructuring Documentation, and any documents, motions, pleadings, orders or the like prepared or filed in connection with the Chapter 11 Cases shall be in form and substance satisfactory to the Parties; and where Court approval is required for a Definitive Restructuring Document, such approval shall have been obtained.

***Government
Consent:***

On or before September 23, 2010, the Environmental Settlement Documents shall have been executed, subject to any applicable public notice and comment proceedings and procedures or other regulatory approval requirements.

Other Consents:

To the extent any other consent or waiver is required to be obtained to effect the Restructuring, such consent or waiver shall have been obtained and shall be in full force and effect.

***Management
Equity Plan and
New Management
Agreements***

The First Amended Plan will provide that on the Effective Date, Reorganized Tronox will (a) adopt the Management Equity Plan, which shall provide for the issuance of certain equity-based awards and (b) enter into New Management Agreements. It will be a condition precedent to the Effective Date of the First Amended Plan that the terms of the Management Equity Plan and New Management Agreements are reasonably acceptable to Tronox, the Creditors' Committee and the Required Backstop Parties.

***Conditions to the
Obligations of the
Backstop Parties***

BMI Contract

Tronox shall have assumed its current agreements or entered into a new long term contract with BMI to provide Tronox access to water and power transmission assets at current rates.

CRC Contract

Tronox shall have assumed its agreements with the Colorado River Commission, and such agreements shall continue in full force and effect after the Effective Date.

Available Funds

On the Effective Date, immediately prior to giving effect to the transactions contemplated hereby and by the First Amended Plan (including the payment in full of all Allowed Administrative Expenses and Allowed Priority Claims (as such terms are to be defined in the First Amended Plan)), the Tronox Parties shall have Available Cash equal to or greater than the amounts set forth on Schedule 8(b)(viii) to the Equity Commitment Agreement as the "Cash Balance," as applicable to the Effective Date, or such other lower amount as shall be agreed to by the Required Backstop Parties. To the extent the Effective Date occurs after December 31, 2010, the Company shall provide an updated schedule setting forth the projected Cash Balance reasonably acceptable to the Required Backstop Parties.

On the Effective Date, the amount of capital expenditures made by the Company for the Kwinana Investment (as defined in the Credit Agreement) shall not exceed amounts set forth on Schedule 8(b)(viii) to the Equity Commitment Agreement.

Financing Fees, Allowed Administrative Expenses, Priority Claims and Cure Claims (as such terms are defined in the First Amended Plan) paid on the Effective Date shall not exceed \$32,500,000; it being agreed that Financing Fees shall include fees payable to potential lenders in conjunction with the Exit Financing.

Settlement Escrow Account and Cash Collateralized Letters of Credit released prior to or on the Effective Date shall in the aggregate equal or exceed \$58,000,000.

Claims Amounts On the Effective Date, (A) the aggregate amount of Allowed General Unsecured Claims (other than allowed Indirect Environmental Claims and Claims with respect to the Unsecured Notes) shall not exceed \$80 million; (B) the aggregate amount of Allowed Indirect Environmental Claims shall not exceed \$80 million; and (C) there shall be no material unresolved Indirect Environmental Claims, which, individually or in the aggregate, after having been resolved, reasonably could cause the final aggregate amount of Allowed Indirect Environmental Claims to exceed \$80 million; provided however, that the conditions in clauses (A) and (B) above shall be deemed to be met so long as the aggregate amount of allowed General Unsecured Claims and Allowed Indirect Environmental Claims does not exceed \$140 million.

Provision of Information The Backstop Parties shall have been provided (a) a schedule of all workers compensation claims to be assumed by Tronox, together with the letters of credit, bonds or other instruments collateralizing such claims, and (b) a schedule of environmental reimbursements, letters of credit and sureties to be contributed to the Environmental Settlement Trusts.

Savannah, Georgia Sulfuric Acid Facility Prior to the Effective Date, the Savannah, Georgia sulfuric acid facility shall have been (i) transferred to an Environmental Response Trust at no material cost to Tronox, (ii) sold in a sale pursuant to section 363 of the Bankruptcy Code, which sale shall have been approved by a Final Order of the Bankruptcy Court and shall have been consummated, or (iii) shut down, having no remaining employees or production.

Other Features of the Restructuring

Lease of Henderson, Nevada Plant Tronox and the applicable Environmental Response Trust shall have entered into lease agreements relating to the Henderson, Nevada facility on terms satisfactory to the Required Backstop Parties, the Creditors' Committee and the relevant Government Environmental Entity, which terms shall specify that Reorganized Tronox is not responsible for costs of any environmental remedial action or restoration associated with the presence or releases of hazardous substances from or at any portion of the Henderson facility prior to the Effective Date and all areas affected by natural migration of such substances therefrom, except to the extent exacerbated by any act or omission of Reorganized Tronox after the Effective Date. Notwithstanding the nominal rent set forth in the lease, the rent for the Henderson facility can be set at up to \$10.5 million for the first term; provided, that such amount shall be deducted from the Funded Environmental Amount and allocated and paid on account of the lease on the Effective Date.

Reorganized Tronox shall exercise commercially reasonable due care at the Henderson facility and shall comply with all applicable local, state and federal laws and regulations. Nothing in the previous sentence shall require Reorganized Tronox to clean up existing contamination in or under the ground except to the extent exacerbated by any act or omission of Reorganized Tronox after the Effective Date. Reorganized Tronox recognizes that the implementation of response actions at the Henderson facility may interfere with Reorganized Tronox's use of the property, and may require commercially reasonable accommodation from Tronox. Reorganized Tronox agrees to cooperate fully with the EPA, the Nevada Division of Environmental Protection

(the “NDEP”), and other relevant state agencies in the implementation of response actions at the Henderson facility and further agrees to comply with regulatory requirements related to all such response actions. The EPA and the NDEP, consistent with their responsibilities under applicable law, will use reasonable efforts to minimize any interference with Reorganized Tronox’s operations by such entry and response at the Henderson facility.

The leases shall contain customary provisions relating to indemnity by a tenant with respect to the operation of the tenant at the leased property following the Effective Date. For the avoidance of doubt, Reorganized Tronox shall have liability as an operator of the Henderson facility and shall be responsible for related response action, if any, to the extent such liability or responsibility relates to releases of hazardous substances from any portion of the Henderson facility due to any act or omission of Reorganized Tronox after the Effective Date.

Dilution

The New Common Stock issued in connection with the First Amended Plan and the Rights Offering will be subject to dilution by New Common Stock issued after the Effective Date, including upon issuance of New Common Stock pursuant to the Management Equity Plan, conversion of the New Convertible Preferred Stock and exercise of the New Warrants.

Charter Documents

All charter documents of Reorganized Tronox will be satisfactory to the Required Backstop Parties and the Creditors’ Committee. 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.

Fees & Expenses

Tronox shall pay the fees and expenses of the legal counsel and financial advisors to the Backstop Parties as set forth in the Equity Commitment Agreement. The Parties agree that the transactions contemplated hereby comprise an Alternative Transaction under the Gleacher engagement letter.

Tronox recognizes that the efforts of Creditors’ Committee member Michael E. Carroll contributed substantially to this case in connection with the support of the Restructuring contemplated hereby by holders of Tort Claims. Accordingly, Tronox agrees that, on the Effective Date, subject to supporting documentation being provided to counsel to the Backstop Parties, Tronox and the Creditors Committee, Tronox shall pay all reasonable fees and expenses of Mr. Carroll’s counsel, Montgomery, McCracken, Walker & Rhoads, LLP, for services rendered and to be rendered in connection therewith up to a maximum of \$200,000.

Plan Milestones:

The plan milestones are set forth in the Equity Commitment Agreement, and shall include among other deadlines:

August 27, 2010: Tronox to file motion on an expedited basis to have Equity Commitment Agreement approved.

September 3, 2010: Deadline for Tronox to file First Amended Plan and Disclosure Statement.

September 17, 2010: Deadline for order entered by the Bankruptcy Court approving the Equity Commitment Agreement.

September 23, 2010: Environmental Settlement Agreement (and related exhibits) to be completed on or prior to September 23, 2010.

September 30, 2010: Deadline for order entered by the Bankruptcy Court approving the Disclosure Statement.

November 30, 2010: Deadline for order entered by the Bankruptcy Court confirming the First Amended Plan and entry of the Confirmation Order.

December 31, 2010: Equity Commitment expires; Deadline for Plan Effective Date.