

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

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

**MONTHLY OPERATING STATEMENT
FOR THE MONTH OF JULY, 2010**

DEBTORS' ADDRESS: 3301 NW 150th Street
Oklahoma City, OK 73134

DEBTORS' ATTORNEY: KIRKLAND & ELLIS LLP
Richard M. Cieri
Jonathan S. Henes
Patrick J. Nash, Jr.
601 Lexington Avenue
New York, NY 10022

CURRENT MONTH NET (LOSS): \$(6.2) million

REPORT PREPARER: Gary Barton

THIS OPERATING STATEMENT MUST BE SIGNED BY A REPRESENTATIVE OF THE DEBTORS.

The undersigned, having reviewed the attached report and being familiar with the Debtors' financial affairs, verifies, under penalty of perjury, that the information contained herein is complete, accurate and truthful to the best of my knowledge.

DATE: August 19, 2010

/s/ Gary Barton

Chief Restructuring Officer

Indicate if this is an amended statement by checking here: _____

¹ The debtors in these 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.



TRONOX INCORPORATED, et al.
Case No. 09-10156 (ALG)
(Debtors in possession)

TRONOX INCORPORATED CHAPTER 11 DEBTORS
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions)
(Unaudited)

	Month Ended <u>July 31, 2010</u>	Year to Date <u>July 31, 2010</u>
Net sales	\$ 59.6	\$ 400.7
Cost of goods sold	44.6	313.4
Gross margin	<u>15.0</u>	<u>87.3</u>
Selling, general and administrative expenses	2.9	21.1
Restructuring charges (Note 5)	-	0.3
Provision for environmental remediation and restoration, net of reimbursements	-	16.0
	<u>12.1</u>	<u>49.9</u>
Interest and debt expense (Note 2)	5.0	28.5
Other (income) expense, net	(2.3)	(10.1)
Reorganization items	15.3	37.0
Income (loss) from continuing operations before income taxes	<u>(5.9)</u>	<u>(5.5)</u>
Income tax provision (benefit)	-	0.3
Income (loss) from continuing operations	<u>(5.9)</u>	<u>(5.8)</u>
Income (Loss) from discontinued operations, net of tax	(0.3)	(0.7)
Net Income (loss)	<u><u>\$ (6.2)</u></u>	<u><u>\$ (6.5)</u></u>

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TRONOX INCORPORATED CHAPTER 11 DEBTORS
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions, except share data)
(Unaudited)

July 31,
2010

ASSETS

Current assets:

Cash and cash equivalents	\$ 66.1
Notes and accounts receivable intercompany	363.0
Accounts receivable, third parties	137.5
Inventories, net	91.4
Prepaid and other assets	149.4
Total current assets	807.4
Property, plant and equipment, net	164.9
Note and advances receivable, intercompany	111.7
Other long-term assets	346.1
Total Assets	\$ 1,430.1

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Accounts payable, third parties	\$ 58.0
Accrued liabilities (Note 3)	106.1
Long-term debt due within one year	3.4
Income taxes payable (Note 6)	0.8
Total current liabilities (Note 3)	168.3

Noncurrent liabilities:

Environmental remediation and/or restoration (Note 3)	95.9
Long-term debt	421.7
Notes and advances payable, intercompany	9.4
Deferred income taxes (Note 6)	1.1
Other	123.9
Total liabilities not subject to compromise (Note 3)	820.3

Liabilities subject to compromise 442.1

Commitments and contingencies -

Stockholders' equity

Common stock	0.4
Capital in excess of par value	496.6
Retained earnings (accumulated deficit)	(279.6)
Accumulated other comprehensive income	(42.5)
Treasury stock, at cost	(7.2)
Total stockholders' equity	167.7
Total liabilities and stockholders' equity	\$ 1,430.1

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Note 1

The Monthly Operating Statement for the estate of Tronox Incorporated, et al. (“Tronox”) is limited in scope, covers a limited time period, and has been prepared solely for the purpose of complying with the monthly reporting requirements of the U.S. Bankruptcy Court. The financial information in the Monthly Operating Statement is preliminary, unaudited, presented on a going-concern basis and does not purport to show the financial statements of any of the U.S. Debtors in accordance with GAAP, and therefore may exclude items required by GAAP, such as certain reclassifications, eliminations, accruals, valuations and disclosure items. We caution readers not to place undue reliance upon the Monthly Operating Statement. There can be no assurance that such information is complete and the Monthly Operating Statement may be subject to revision such as additional revisions that were made to the financial results for the year ended December 31, 2009, during 2010, that are now reflected in the Condensed Consolidated Balance Sheet presented herein. In addition, Tronox expects that there will be changes to certain line items, in the future, including with respect to the impact of its environmental reserve analysis as discussed in Note 3 below. The Monthly Operating Statement is in a format required by the Bankruptcy Code and should not be used for investment purposes. As reported by Tronox with the Securities and Exchange Commission (the “SEC”), Tronox was unable to file its Annual Report on Form 10-K for the years ended December 31, 2009 and December 31, 2008, as additional time was necessary for a more thorough review of environmental and other contingent liability reserves as well as related disclosures thereto.

The unaudited financial statements contained in the Monthly Operating Statement have been derived from the books and records of Tronox. This information, however, has not been subject to procedures that would typically be applied to financial information presented in accordance with GAAP, and upon the application of such procedures, we believe that the financial information could be subject to changes, and these changes could be material. The information furnished in this Monthly Operating Statement includes primarily normal recurring adjustments but does not include all of the adjustments that would typically be made for financial statements prepared in accordance with GAAP. In addition, certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted.

Note 2

Interest expense for the seven months ended July 31, 2010 excludes \$19.4 million of interest on Tronox’s \$350 million Senior Notes no longer being accrued subsequent to Tronox’s Chapter 11 filings.

Note 3

On May 5, 2009, Tronox filed a statement of Non-Reliance on Previously Issued Financial Statements or Related Audit Report or Completed Interim Review on Form 8-K indicating that Tronox’s previously filed financial reports should no longer be relied upon because Tronox failed to establish adequate reserves as required by applicable accounting pronouncements. In the report, Tronox indicated that it has not yet completed its review of contingency reserves and other related liabilities. Therefore, the amount of any increase to its reserves that may need to be taken is not known at this time. However, the adjustments will be material. Tronox continues to review its environmental and other contingent liability reserves. As a result, due to the further work being done on the environmental reserves, accrued liabilities, environmental remediation and/or restoration, total current liabilities and total liabilities not subject to compromise will be impacted.

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In March 2010, Tronox recorded a reserve of \$55.6 million related to environmental clean-up obligations at the Henderson facility. The additional remediation work is being required by the Nevada Division of Environmental Protection (NDEP) and is related to the results of testing and site characterization under the Environmental Conditions Assessment (“ECA”) work performed in 2009. Approved work related to these obligations is expected to take place in 2010. In May 2010, Tronox recorded a \$40.1 million insurance receivable related to this environmental liability. This amount is a minimum estimate based upon management’s interpretation of Tronox’s environmental insurance policy.

Note 4

On March 13, 2009, Tronox’s German subsidiaries, Tronox GmbH and its wholly owned subsidiary, Tronox Pigments GmbH, filed applications with the Insolvency Court in Krefeld, Germany, to commence insolvency proceedings. Tronox did not petition for self-administration during the insolvency proceedings and thus, has relinquished management control over these subsidiaries. The German subsidiaries have been deconsolidated from Tronox’s consolidated financial statements as of March 31, 2009. As a result of the deconsolidation, the U.S. Debtors recognized, in 2009, losses for the amount of notes and accounts receivable that it does not expect to collect from the deconsolidated subsidiaries.

Note 5

On July 21, 2009, Tronox announced its decision to idle the pigment production at its Savannah facility until a time when the TiO₂ market recovers and/or a sale of the plant is completed. Due to adverse economic conditions that contributed to Tronox’s bankruptcy filing, work at Savannah had been significantly curtailed in late March of 2009 with the hopes that the TiO₂ market would recover and the plant could be restarted and/or pending Tronox’s efforts to attract business opportunities, including potential buyers. No such opportunities surfaced and by July Tronox decided to shut-down the TiO₂ operations. The shut-down was completed in the fourth quarter of 2009.

Pursuant to the proposed plan of reorganization (see Note 7 below), the entire Savannah site, including the recently shutdown chloride plant, the previously shut down sulfate plant and the still operating sulfuric acid plant will be transferred to an environmental response trust. Pursuant to accounting rules related to the classification of disposal groups to be disposed of other than by sale, the Savannah site would not qualify for classification as discontinued operations until it is actually transferred to the trust and then only if it meets additional criteria for such classification. Tronox has not yet completed its analysis concerning whether Savannah will meet the additional criteria for classification as a discontinued operation, however, the site has not yet been transferred to the trust and therefore the financial results of the Savannah site, including the sulfuric acid operations and the wind down costs related to the former chloride and sulfate operations are included in Income (loss) from continuing operations in the accompanying Condensed Consolidated Statements of Operations.

Note 6

For purposes of preparing these monthly financial statements, Tronox has recorded tax amounts based upon known available information. Significant uncertainties exist related to the treatment of various reorganization and restructuring items, along with significant uncertain international tax positions, that have not been reflected in these financial statements.

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Note 7

On July 7, 2010, Tronox filed its proposed plan of reorganization [Dkt. No. 1706] and accompanying disclosure statement [Dkt. No. 1707]. The disclosure statement includes, among other things, information on (a) the treatment of claims and interests under Tronox's proposed plan; (b) the events leading up to and significant events during Tronox's chapter 11 cases; (c) information regarding Tronox's businesses; (d) risk factors regarding the plan; (e) projections for reorganized Tronox's businesses; and (f) liquidation and valuation analyses. A hearing to consider the adequacy of the disclosure statement is set for September 16, 2010 in the Bankruptcy Court. Tronox may not solicit votes on the plan until the disclosure statement is approved by the Bankruptcy Court.

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Monthly Disbursements by Debtor
For the month of July 2010

	<u>Month</u>	
Tronox Luxembourg S.a.r.l	\$	1,782.51
Tronox Incorporated	(1)	
Tronox Worldwide LLC	\$	1,521,764.73
Tronox Finance Corporation	(1)	
Transworld Drilling Company	(1)	
Triple S Minerals Resources Corp.	(1)	
Trx Env Mgmt-(W.C.)-Rare Earths Facility	(1)	
Cimarron Corporation	(1)	
Triple S	(1)	
Triple S Refining Corporation	(1)	
Tronox LLC	\$	58,072,101.70
Tronox Pigments (Savannah), Inc.	\$	3,247,237.17
Tronox Holdings, Inc.	(1)	-
Southwestern Refining Company, Inc.	(1)	-
Triangle Refineries, Inc.	(1)	-
	\$	<u>62,842,886.11</u>

(1) These entities do not make disbursements. The Company's integrated cash management system disburses funds from Tronox LLC, Tronox Worldwide LLC and Tronox Pigments (Savannah) Inc. on behalf of such entities.

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PAYMENTS TO INSIDERS AND PROFESSIONALS
For the month and YTD period ended July 31, 2010

INSIDERS			
NAME	TYPE OF PAYMENT	CURRENT PERIOD AMOUNT PAID	CURRENT YEAR PAID TO DATE
Wanlass, Dennis L	Payroll and Exp reimbursement	\$ 53,262.41	\$ 497,437.83
Romano, John D	Payroll and Exp reimbursement	20,461.54	156,273.67
Foster, Michael J	Payroll and Exp reimbursement	21,153.86	159,417.94
Gibney, Robert C	Payroll and Exp reimbursement	18,896.69	143,129.71
Kinnear, Peter	BOD fees & Exp Reimbursement	21,625.00	72,836.35
Richardson, Brad	BOD fees & Exp Reimbursement	18,625.00	69,375.00
Adams, Jerome	BOD fees & Exp Reimbursement	20,375.00	71,625.00
Agdern, Bob	BOD fees & Exp Reimbursement	18,500.00	68,375.88
Mc Govern, Mike	BOD fees & Exp Reimbursement	18,500.00	63,000.00
Birney, David	BOD fees & Exp Reimbursement	18,565.12	66,280.53
Management KEIP Payments (Total)			\$ 2,827,500.00
TOTAL PAYMENTS TO INSIDERS		\$ 229,964.62	\$ 4,195,251.91

PROFESSIONALS			
NAME		CURRENT PERIOD AMOUNT PAID	CUMULATIVE AMOUNT PAID TO DATE
Kirkland & Ellis		\$ 1,197,380.31	\$ 16,700,323.22
Paul, Weiss Law Firm		104,016.78	2,428,813.85
Zolfo Cooper LLC			598,786.58
Rothschild Inc.		161,322.10	12,457,394.03
Alvarez and Marsal		224,698.95	4,778,038.69
Ernst & Young		5,903.80	2,315,246.98
Kurtzman Carson Consultants		35,403.04	1,888,543.92
Jefferies & Co., Inc.		120,884.02	2,147,925.33
Pillsbury Winthrop Shaw Pittman			2,157,375.26
Eureka Capital Partners LLC		54,657.00	409,233.60
Togut Segal & Segal LLP			939,050.23
Kasowitz, Benson, Torres & Friedman LLP		-	352,514.63
Milbank, Tweed, Hadley and McCloy		-	1,305,564.95
Young & Partners		-	100,719.97
TOTAL PAYMENTS TO PROFESSIONALS		\$ 1,904,266.00	\$ 48,579,531.24

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Tronox Chapter 11 Debtors
Schedule of Federal, State and Local Taxes Collected, Withheld or Paid
Month Ended July 31, 2010

	<u>Pre-Petition Amount</u>	<u>Post-Petition Amount</u>	<u>Total Amount</u>
1 Gross Salaries and Wages	\$ -	\$ 4,051,168.82	\$ 4,051,168.82
2 Payroll Taxes Withheld	-	904,320.47	904,320.47
3 Employer Payroll Tax contributed	-	282,838.74	282,838.74
4 Use Tax Paid	-	171,246.28	171,246.28
5 Property Taxes Paid	-	68,957.48	68,957.48
6 Franchise Taxes Paid	-	-	-
7 Other Taxes Paid	-	358.20	358.20

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Schedule of Federal, State and Local Taxes Collected, Withheld or Paid
Month Ended July 31, 2010

Debtor Entity	Date	Pre-Petition Amount	Post-Petition Amount	Total Amount	Description
TRXLLC	07/28/10		165.70	165.70	Excise Tax on Insurance Premiums (Due w/i 30 days new policy)
TRXLLC	07/21/10		106.50	106.50	Business License Renewal
TRIPS	07/07/10		620.24	620.24	Edgar
TRIPS	07/07/10		2,183.78	2,183.78	Kankakee
TRWLLC	07/07/10		483.10	483.10	Macoupin
TWLLC	07/07/10		31,033.44	31,033.44	Madison
TWLLC	07/07/10		32,027.08	32,027.08	St. Clair
TRIPS	07/07/10		2,609.84	2,609.84	Williamson
Tronox Pigments (Savannah)	7/2/2010		3,035.76	3,035.76	employer payroll taxes contributed
Triple S Environmental	7/9/2010		244.13	244.13	employer payroll taxes contributed
Tronox LLC	7/9/2010		129,511.06	129,511.06	employer payroll taxes contributed
Tronox Pigments (Savannah)	7/9/2010		2,400.31	2,400.31	employer payroll taxes contributed
Tronox Pigments (Savannah)	7/16/2010		3,062.88	3,062.88	employer payroll taxes contributed
Triple S Environmental	7/23/2010		244.14	244.14	employer payroll taxes contributed
Tronox LLC	7/23/2010		139,096.81	139,096.81	employer payroll taxes contributed
Tronox Pigments (Savannah)	7/23/2010		2,293.15	2,293.15	employer payroll taxes contributed
Tronox Pigments (Savannah)	7/30/2010		2,950.50	2,950.50	employer payroll taxes contributed
Tronox Pigments (Savannah)	7/2/2010		8,952.93	8,952.93	payroll taxes withheld
Triple S Environmental	7/9/2010		698.69	698.69	payroll taxes withheld
Tronox LLC	7/9/2010		409,011.89	409,011.89	payroll taxes withheld
Tronox Pigments (Savannah)	7/9/2010		7,845.67	7,845.67	payroll taxes withheld
Tronox Pigments (Savannah)	7/16/2010		8,999.12	8,999.12	payroll taxes withheld
Triple S Environmental	7/23/2010		698.70	698.70	payroll taxes withheld
Tronox LLC	7/23/2010		452,219.85	452,219.85	payroll taxes withheld
Tronox Pigments (Savannah)	7/23/2010		7,373.27	7,373.27	payroll taxes withheld
Tronox Pigments (Savannah)	7/30/2010		8,520.35	8,520.35	payroll taxes withheld
GEORGIA DEPT OF REVENUE	7/16/2010		6,607.89	6,607.89	GEORGIA DEPT OF REVENUE
MISSISSIPPI DEPT OF REVENUE	7/16/2010		144,225.97	144,225.97	MISSISSIPPI DEPT OF REVENUE
NEVADA DEPT OF TAXATION	7/16/2010		19,268.98	19,268.98	NEVADA DEPT OF TAXATION
NEVADA STATE TREASURER	7/28/2010		36.00	36.00	NEVADA STATE TREASURER
NEW YORK STATE COMMISSIONER OF TAXATION & FINANCE	7/28/2010		50.00	50.00	NEW YORK STATE COMMISSIONER OF TAXATION & FINANCE
OKLAHOMA TAX COMMISSION	7/16/2010		1,143.44	1,143.44	OKLAHOMA TAX COMMISSION