TRONOX
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Tronox Incorporated Reports Second Quarter and Six-Month 2011 Results

- **Second quarter net sales up 42 percent; income from operations rose 122 percent quarter over quarter**
- **Strong performance tied to continuing robust volumes and favorable selling prices; momentum driven by global economic recovery, operating improvements and efficiencies and limited global supply of TiO2**
- **Significant cash generation supporting working capital and funding the investment in the expansion of the Tiwest Joint Venture**

OKLAHOMA CITY, Aug. 18, 2011 /PRNewswire/ -- Tronox Incorporated (TROX.PK), the world's fifth-largest producer and marketer of titanium dioxide pigment, today announced results for the fiscal second quarter and six-month period ending June 30, 2011. The company, which emerged from bankruptcy on February 14, 2011, applied fresh start accounting as of February 1, 2011, and is reporting its results using both GAAP and non-GAAP metrics.

Second quarter 2011 net sales were $428.3 million, a 42.4 percent increase from $300.8 million reported in the prior-year's second quarter. Income from operations in the quarter was $84.8 million compared with $38.2 million in the prior-year quarter. Net income for the quarter was $66.2 million versus $11.8 million in the prior year's second quarter.

On a non-GAAP basis, second quarter adjusted income from operations was $96.2 million compared with $38.6 million in the prior year, and adjusted net income was $77.4 million compared with $25.9 million in the same period in 2010. Adjusted second quarter EBITDA, excluding restructuring expenses, was $111.2 million compared with $48.7 million in the prior year.

Dennis L. Wanlass, Tronox's Chief Executive Officer commented, "Our business continued to benefit from strong global demand for titanium dioxide pigment, especially in key Asia-Pacific markets, a favorable pricing environment and cost and efficiency benefits from our restructuring. Strong global demand, improved operational efficiencies, and incremental capacity at our Tiwest joint venture expansion position us well to continue meeting the needs of our global customer base and achieving our long-term growth objectives."

U.S. GAAP results, in millions of dollars except per share data and percentages

	Successor	**Predecessor**	**Successor**	**Predecessor**	**Predecessor**	**Predecessor**
	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Five Months Ended June 30, 2011	One Month Ended January 31, 2011	Six Months Ended June 30, 2010	Twelve Months Ended December 31, 2010
Net Sales	$ 428.3	$ 300.8	$ 695.4	$ 107.6	$ 579.5	$ 1,217.6
Gross Margin	27.6%	18.0%	22.4%	23.5%	16.9%	18.2%
Income from Operations	$ 84.8	$ 38.2	$ 102.6	$ 19.9	$ 110.5	$ 209.6
Operating Margin	19.8%	12.7%	14.8%	18.5%	19.1%	17.2%
Net Income	$ 66.2	$ 11.8	$ 76.4	$ 631.3	$ 70.8	$ 5.8
Diluted net income per share (Predecessor)	N/A	$ 0.29	N/A	$ 15.25	$ 1.71	$ 0.14
Diluted net income per share (Successor)	$ 4.18	N/A	$ 4.83	N/A	N/A	N/A

Non-GAAP results, in millions of dollars

	Successor	**Predecessor**	**Successor**	**Predecessor**	**Predecessor**	**Predecessor**
	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Five Months Ended June 30, 2011	One Month Ended January 31, 2011	Six Months Ended June 30, 2010	Twelve Months Ended December 31, 2010
Net Sales	$ 428.3	$ 300.8	$ 695.4	$ 107.6	$ 579.5	$ 1,217.6
Adjusted Income from Operations	$ 96.2	$ 38.6	$ 153.8	$ 19.9	$ 70.9	$ 162.3
Adjusted Net Income	$ 77.4	$ 25.9	$ 127.4	$ 17.7	$ 41.1	$ 98.0
Adjusted EBITDA	$ 111.2	$ 48.7	$ 179.2	$ 24.3	$ 91.9	$ 203.1

First Six Months 2011 Results

For the first six months of 2011, Tronox reported net sales of $803 million, income from operations of $122.5 million, and net income of $707.7 million. These results compared favorably with results in 2010, and were driven largely by increases in sales volumes, continued operating improvements and efficiencies and pricing, as strong demand for TiO2 has continued, especially in the Asia- Pacific region.

Pigment Segment Results

Second Quarter 2011

Pigment sales for the second quarter of 2011 were $398 million compared with $265.5 million during the same period in 2010. The increase was driven by higher prices and volumes, as a result of the global economic recovery and tight supply industry-wide.

The pigment segment reported income from operations of $95.7 million in the second quarter of 2011, which represented a $55 million increase over the same period last year. The increase was primarily due to the effects of higher sales prices and volumes and continued plant operational improvements, partially offset by increased production costs and SG&A expenses.

Six-month Period

Pigment sales for the first six months of 2011 were $735.1 million, a 43.8 percent increase over the same period in 2010, primarily driven by increased sales volumes and higher TiO2 prices. Income from operations for the pigment segment increased $66.4 million to $139.5 million during the first six months of 2011, compared with $73.1 million in the same period of 2010. Income from operations grew due to higher sales volumes, higher TiO2 prices and continued plant operational improvements, partially offset by the effect of rising input and energy costs.

Electrolytic and Other Chemical Products Results

Second Quarter

Electrolytic and other chemical products sales for the 2011 second quarter decreased $0.1 million to $29.9 million in during the second quarter of 2011, compared with $30 million during the second quarter of 2010. The decrease was primarily the result of lower prices for manganese dioxide offset by higher volumes on sodium chlorate. Income from operations for the electrolytic and other chemical products business was $1.8 million for the second quarter of 2011, compared with $2.2 million during the same period last year. The decrease was the result of lower selling prices and volumes and higher SG&A expenses, slightly offset by lower production and delivery costs.

Six-month Period

Net sales for the first six months of 2011 were $64.9 million compared with $59.1 million in the first six months of 2010. Income from operations for the first six months of 2011 was $2.8 million compared with $3.9 million in the first six months of 2010.

Corporate and Other

Second Quarter

Corporate and other reported a loss of $12.7 million for the second quarter of 2011, compared with a loss of $4.7 million during the comparable prior-year period. The higher loss was primarily due to the unallocated portion of the post emergence accounting for intangible assets, stock compensation, variable compensation including pension and postretirement healthcare benefits and audit and professional fees incurred related to a three year audit of the company's financial statements. Included in SG&A expenses was $0.8 million of amortization of intangible assets recorded as part of the fresh start accounting at emergence from bankruptcy.

Six-month Period

For the first six months of 2011, corporate and other reported a loss of $19.8 million compared to a gain of $33.5 million during the same period in 2010. The decrease in income from operations was primarily driven by the recognition of a $40 million insurance receivable in the first quarter of 2010 related to clean-up obligations at the Henderson facility, versus recognition of $4.3 million in 2011.

Business Outlook

The company anticipates that the relatively strong demand for its products will continue to support a favorable pricing environment and sales volumes. "We will continue to seek to further penetrate emerging markets where opportunities for growth are the strongest, while controlling costs through continuous improvement initiatives across our organization," said Wanlass.

Fresh Start Accounting

On February 14, 2011, (the "Effective Date"), Tronox Incorporated emerged from bankruptcy and continued operations as reorganized Tronox Incorporated. As a result, the company applied fresh start accounting under ASC 852 as of February 1, 2011 (the "Fresh Start Reporting Date"), whereby the U.S. GAAP financial statements after January 31, 2011 are not comparable to the financial statements prior to that date. Fresh start accounting required resetting the historical net book values of Tronox's assets and liabilities to their estimated fair values. References to "Successor" refer to Tronox and its consolidated subsidiaries after January 31, 2011, after giving effect to the cancellation of old common stock issued prior to January 31, 2011, the issuance of new common stock and settlement of existing debt and other adjustments in accordance with the reorganization plan, and the application of fresh start accounting. References to "Predecessor" refer to Tronox and its consolidated subsidiaries prior to January 31, 2011.

Conference Call/Webcast

Tronox will host a conference call at 11 a.m. EDT today to discuss second quarter 2011 and first half 2011 results. Interested parties may listen to the Tronox's second quarter 2011 conference call via Tronox's website at or by calling 1-877-627-6590 in the United States or 719-325-4888 outside the United States. The code for both dial-in numbers will be 8044621. A replay of the call will be available for seven days at 1-888-203-1112 in the United States or 719-457-0820 outside the United States. The code for the replay will be 8044621. The webcast will be archived for 30 days on the company's website. Information on earnings also will be available on the company's website homepage at http://www.tronox.com.

Use of Non-GAAP Financial Information

The non-GAAP and supplemental information provided in this press release is a supplement to, and not a substitute for or superior to, the company's financial results presented in accordance with U.S. GAAP. The non-GAAP financial measures presented by the company may be different than non-GAAP financial measures presented by other companies.

The non-GAAP and supplemental information is provided to enhance the user's overall understanding of the company's operating performance. Specifically, the company believes the non-GAAP information provides useful measures to investors regarding the company's financial performance by excluding certain costs and expenses that the company believes are not indicative of its core operating results. The presentation of non-GAAP and supplemental information is not meant to be considered in isolation or as a substitute for results prepared and presented in accordance with U.S. GAAP. A reconciliation of each non-GAAP financial measure to the most direct, comparable GAAP financial measure is included below.

About Tronox

Tronox (TROX.PK) is the fifth largest titanium dioxide producer in the world with proprietary chloride technology. One of the company's most valuable assets, the chloride process technology yields consistently whiter, brighter pigment grades preferred in paint, coatings and plastics. The company is the fifth-largest producer of titanium dioxide pigments and also operates an electrolytic and specialty chemicals business. Through the company's global operations, Tronox serves more than 1,000 customers in approximately 90 countries. For more information, visit http://www.tronox.com.

Cautionary Statement

This release contains forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that these forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those statements. The risks and uncertainties include the company's ability to: manage costs; achieve adequate liquidity; execute its new strategic focus; reach a sustainable business model; survive as a stand-alone entity; reach operational efficiency; and reach and sustain profitability. Additional risks related to the company's recent emergence from bankruptcy include: any negative impacts on the company's business, results of operations, financial position or cash management arrangements; the negative impact on relationships with employees, customers, suppliers and contract manufacturers and other stakeholders; and the failure of the company to successfully implement the plan of reorganization. In addition, the instability of the global economy and tight credit markets could continue to adversely impact the company's business in several respects, including adversely impacting credit quality and insolvency risk of the company and its customers and business partners, including suppliers and distributors; bookings; and reductions and deferrals of demand for Tronox products.

The company urges investors to review in detail the risks and uncertainties discussed in the financial statements published on our website, in conjunction with the filings in our Chapter 11 cases and the Company's prior filings with the Securities and Exchange Commission. Unless otherwise required by applicable laws, the company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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Tronox Inc.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(In millions of dollars, except per share amounts)

	Successor	Predecessor	Successor	Predecessor	Predecessor	Predecessor
	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Five Months Ended June 30, 2011	One Month Ended January 31, 2011	Six Months Ended June 30, 2010	Twelve Months Ended December 31, 2010
Net sales	$ 428.3	$ 300.8	$ 695.4	$ 107.6	$ 579.5	$ 1,217.6
Cost of goods sold	309.9	246.7	539.7	82.3	481.5	996.1
Gross margin	118.4	54.1	155.7	25.3	98.0	221.5
Selling, general, and administrative expenses	37.9	15.5	57.4	5.4	27.1	59.2
Provision for environmental remediation and restoration, net of reimbursements	(4.3)	0.4	(4.3)	-	(39.6)	(47.3)
Income from operations	84.8	38.2	102.6	19.9	110.5	209.6
Interest and debt expense	(8.2)	(12.5)	(13.5)	(2.9)	(24.9)	(49.9)
Gain on liquidation of subsidiary	0.2	-	0.2	-	9.0	5.3
Other income (expense)	(1.6)	2.4	(0.6)	1.6	(0.5)	(13.6)
Reorganization expense (income)	-	(13.7)	-	613.6	(18.9)	(144.8)
Income from continuing operations before income taxes	75.2	14.4	88.7	632.2	75.2	6.6
Income tax provision	(9.0)	(3.2)	(12.3)	(0.7)	(4.1)	(2.0)
Income from continuing operations	66.2	11.2	76.4	631.5	71.1	4.6

Income (loss) from discontinued operations, net of income tax benefit of nil, nil, nil, nil, nil and nil, respectively	-	0.6	-	(0.2)	(0.3)	1.2
Net Income	$ 66.2	$ 11.8	$ 76.4	$ 631.3	$ 70.8	$ 5.8
Earnings (loss) per share, basic and diluted						
Basic---						
Continued operations	$ 4.42	$ 0.27	$ 5.11	$ 15.29	$ 1.73	$ 0.11
Discontinued operations	-	0.02	-	(0.01)	(0.01)	0.03
Net income	$ 4.42	$ 0.29	$ 5.11	$ 15.28	$ 1.72	$ 0.14
Diluted---						
Continuing operations	$ 4.18	$ 0.27	$ 4.83	$ 15.25	$ 1.72	$ 0.11
Discontinued operations	-	0.02	-	-	(0.01)	0.03
Net income	$ 4.18	$ 0.29	$ 4.83	$ 15.25	$ 1.71	$ 0.14
Dividends declared per common share	-	-	-	-	-	-
Weighted average shares outstanding:						
Basic	14,963	41,235	14,947	41,311	41,229	41,232
Diluted	15,841	41,385	15,826	41,399	41,383	41,383

Tronox Inc.

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(In millions of dollars)

	Successor	Predecessor
ASSETS	June 30, 2011	December 31, 2010
Current Assets		
Cash and cash equivalents	$ 87.1	$ 141.7
Accounts receivable:		
Third party, net of allowance for doubtful accounts of nil and $0.8	293.8	243.8
Related party	0.5	2.7
Inventories	214.3	198.4
Prepaid and other assets	44.7	144.8
Deferred income taxes	5.9	4.3
Total Current Assets	646.3	735.7
Property, Plant, and Equipment, net	525.3	315.5
Intangible Assets, net	365.5	-
Other Long-Term Assets	17.1	46.7
Total Assets	$ 1,554.2	$ 1,097.9
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable		
Third party	$ 101.8	$ 134.7
Related party	112.1	64.3
Accrued liabilities	46.2	45.7
Short-term debt	39.0	-
Long-term debt due within one year	5.9	4.3
Income taxes payable	15.0	3.3
Total Current Liabilities	320.0	252.3
Noncurrent		
Long-term debt	424.7	420.7
Pension and postretirement benefits	96.8	107.2
Deferred income taxes	11.5	-
Other	60.6	47.4
Total Noncurrent Liabilities	593.6	575.3
Liabilities subject to compromise	-	900.3
Stockholders' Equity		
Successor new common stock, par value $0.01— 100,000,000 shares authorized, 15,048,198 issued	0.1	-
Class A common stock, par value $0.01 — 100,000,000 shares authorized, 19,107,467 issued	-	0.2
Class B common stock, par value $0.01 — 100,000,000 shares authorized, 22,889,431 shares issued	-	0.2
Capital in excess of par value	570.7	496.2

Retained earnings (accumulated deficit)	76.4	(1,128.2)
Accumulated other comprehensive income	2.2	8.8
Treasury stock, at cost — 70,326 shares and 623,953 shares, respectively	(8.8)	(7.2)
Total Stockholders' Equity	640.6	(630.0)
Total Liabilities and Stockholders' Equity	$ 1,554.2	$ 1,097.9

Tronox Inc.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(In millions of dollars)

	Successor Five Months Ended June 30, 2011	**Predecessor** One Month Ended January 31, 2011	**Predecessor** Six Months Ended June 30, 2010	**Predecessor** For the Year Ended December 31, 2010
Cash flows from operating activities				
Net Income	$ 76.4	$ 631.3	$ 70.8	$ 5.8
Adjustments to reconcile net income to net cash provided by operating activities —				
Depreciation, depletion and amortization	34.2	4.1	24.9	50.1
Deferred income taxes	10.9	0.2	(1.0)	(5.1)
Provision for environmental remediation and restoration, net of reimbursements	-	-	(39.6)	0.1
Amortization of debt issuance costs	0.3	0.3	5.3	9.2
Pension and postretirement healthcare (income) expense	2.0	(0.4)	(5.9)	(10.5)
Gain on liquidation of subsidiary	(0.2)	-	(9.0)	(5.3)
Stock compensation expense	5.8	-	0.3	-
Other noncash items not affecting net income	1.9	0.2	(0.2)	3.6
Reorganization Items-				
Noncash reorganization items	-	(636.6)	(4.6)	97.6
Environmental settlement funding	-	(270.0)	-	-
Claims paid with cash	(14.2)	(18.6)	(20.2)	(82.6)
Tort settlement funding	-	(16.5)	-	-
Professional and legal fees	-	(12.0)	(26.7)	-
Changes in assets and liabilities-				
(Increase) decrease in trade accounts receivable	(45.3)	(8.1)	(2.0)	(12.5)
(Increase) decrease in related parties accounts receivable	4.3	(2.1)	(4.6)	0.9
(Increase) decrease in inventories	33.2	(15.3)	17.6	(6.6)
(Increase) decrease in prepaids and other assets	5.6	35.4	(1.5)	(4.8)
Increase (decrease) in accounts payable and accrued liabilities	(46.1)	23.1	5.7	17.7
Increase (decrease) in related parties accounts payable	47.3	0.5	2.1	17.0
Increase (decrease) in taxes payable	(2.0)	0.4	0.2	-
Other , net	2.4	1.0	(3.8)	2.3
Cash provided by (used in) operating activities	116.5	(283.1)	7.8	76.9
Cash flows from investing activities				
Capital expenditures	(99.1)	(5.5)	(16.5)	(45.0)
Proceeds from sale of assets	(0.6)	-	-	-
Cash used in investing activities	(99.7)	(5.5)	(16.5)	(45.0)
Cash flows from financing activities				
Reductions of long-term debt	(2.4)	-	-	(425.0)
Proceeds from borrowings	14.0	25.0	-	425.0
Debt issuance costs	-	(2.4)	-	(15.4)
Proceeds from rights offering	-	185.0	-	(16.8)
Cash provided by (used in) financing activities	11.6	207.6	-	(32.2)
Effects of Exchange Rate Changes on Cash and Cash Equivalents	(2.3)	0.3	(5.9)	(1.3)
Net Increase (Decrease) in Cash and Cash Equivalents	26.1	(80.7)	(14.6)	(1.6)
Cash and Cash Equivalents at Beginning of Period	61.0	141.7	143.3	143.3
Cash and Cash Equivalents at End of Period	$ 87.1	$ 61.0	$ 128.7	$ 141.7

Use of Non-GAAP Financial Information

To provide investors and others with additional information regarding Tronox's operating results, we have disclosed in this press release certain non-GAAP financial measures, including, Adjusted Income from Operations, Adjusted Net Income, and Adjusted EBITDA, excluding restructuring cost. These non-GAAP financial measures are a supplement to, and not a substitute for or superior to, the company's results presented in accordance with U.S. GAAP. The non-GAAP financial measures presented by the company may be different than non-GAAP financial measures presented by other companies.

The non-GAAP financial measures are provided to enhance the user's overall understanding of the company's operating performance. Specifically, the company believes the non-GAAP information provides useful measures to investors regarding the company's financial performance by excluding certain costs and expenses that the company believes are not indicative of its core operating results, as well as the impact of fresh start accounting. The presentation of these non-GAAP financial measures are not meant to be considered in isolation or as a substitute for results or guidance prepared and presented in accordance with U.S. GAAP.

Tronox has provided a reconciliation of the non-GAAP financial measures used in this release to the most directly comparable GAAP financial measures:

- Adjusted income from operations differs from GAAP income from operations in that it excludes the impact of non-recurring items, fresh start accounting related adjustments, and other bankruptcy related charges or credits.
- Adjusted net income differs from GAAP net income in that it (i) excludes the impact of non-recurring items, fresh start accounting related adjustments, and reorganization charges or credits, and (ii) is adjusted for the associated tax impact of all these changes.
- Adjusted EBITDA differs from GAAP net income in that it (i) excludes interest expenses, taxes, depreciation, amortization and stock based compensation charges, and (ii) excludes the impact of non-recurring items, fresh start accounting related adjustments, and reorganization charges or credits and write-off of financing costs completed prior to emergence from bankruptcy.

Management believes these non-GAAP financial measures:

- Reflect Tronox's ongoing business in a manner that allows for meaningful period-to-period comparison and analysis of trends in Tronox's business, as they exclude expenses that are not reflective of ongoing operating results;
- Provide useful information to investors and others in understanding and evaluating Tronox's operating results and future prospects in the same manner as management and in comparing financial results across accounting periods;
- Provide additional view of the operating performance of the company by adding interest expenses, taxes, depreciation and amortization to the net income. Further adjustments due to fresh start accounting, and stock based compensation charges attempt to exclude items that are either non-cash or non-recurring in nature; and
- Enable investors to assess the company's compliance with financial covenants under its debt instruments Tronox's term loan has maintenance financial covenants that use EBITDA as part of the measures, e.g. Consolidated Leverage ratio, which is a ratio of Indebtedness to Consolidated EBITDA; and Consolidated Interest Coverage Ratio which is a ratio of Consolidated EBITDA to interest expenses.
- In addition, Adjusted EBITDA, excluding restructuring expenses, is one of the primary measures management uses for planning and budgeting processes and to monitor and evaluate financial and operating results. Adjusted EBITDA is not a recognized term under GAAP and does not purport to be an alternative to measures of our financial performance as determined in accordance with GAAP, such as net income (loss). Because other companies may calculate EBITDA and Adjusted EBITDA differently than we do, EBITDA may not be, and Adjusted EBITDA as presented in this release is not, comparable to similarly titled measures reported by other companies.

Reconciliation of U.S. GAAP to non-GAAP financial measures

Income from Operations to Adjusted Income from Operations

	Successor	Predecessor	Successor	Predecessor	Predecessor	Predecessor
	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Five Months Ended June 30, 2011	One Month Ended January 31, 2011	Six Months Ended June 30, 2010	Twelve Months Ended December 31, 2010
(Millions of dollars)						
Income from Operations	$ 84.8	$ 38.2	$ 102.6	$ 19.9	$ 110.5	$ 209.6
Add: fresh start adjustments						
Depreciation	0.9	-	0.9	-	-	
Amortization of intangibles	7.0	-	11.7	-	-	-
Inventory mark-up	3.4	-	35.5	-	-	-
Pension and postretirement	4.4	-	7.4	-	-	-
(Less)/add: Provision for environmental remediation and restoration, net of reimbursements	(4.3)	0.4	(4.3)	-	(39.6)	(47.3)
Adjusted Income from Operations	**$ 96.2**	**$ 38.6**	**$ 153.8**	**$ 19.9**	**$ 70.9**	**$ 162.3**

Net Income to Adjusted Net Income(1)

	Successor	Predecessor	Successor	Predecessor	Predecessor	Predecessor
	Three Months Ended June 30,	Three Months Ended June 30,	Five Months Ended June 30,	One Month Ended January 31,	Six Months Ended June 30,	Twelve Months Ended December 31,

(Millions of dollars)	2011	2010	2011	2011	2010	2010
Net Income	$ 66.2	$ 11.8	$ 76.4	$ 631.3	$ 70.8	$ 5.8
(Less)/add: fresh start adjustments						
Gain on fresh start accounting	-	-	-	(659.1)	-	-
Depreciation	0.9	-	0.9	-	-	-
Amortization from intangibles	7.0	-	11.7	-	-	-
Inventory mark-up	3.4	-	35.5	-	-	-
Pension and postretirement	4.4	-	7.4	-	-	-
(Less)/add: Provision for environmental remediation and restoration, net of reimbursements	(4.3)	0.4	(4.3)	-	(39.6)	(47.3)
Less: Noncash gain on liquidation of subsidiary	(0.2)	-	(0.2)	-	(9.0)	(5.3)
Add: reorganization expense	-	13.7	-	45.5	18.9	144.8
Adjusted Net Income	**$ 77.4**	**$ 25.9**	**$ 127.4**	**$ 17.7**	**$ 41.1**	**$ 98.0**

Net Income to Adjusted EBITDA

	Successor	**Predecessor**	**Successor**	**Predecessor**	**Predecessor**	**Predecessor**
	Three Months Ended June 30,	Three Months Ended June 30,	Five Months Ended June 30,	One Month Ended January 31,	Six Months Ended June 30,	Twelve Months Ended December 31,
(Millions of dollars)	2011	2010	2011	2011	2010	2010
Net income	$ 66.2	$ 11.8	$ 76.4	$ 631.3	$ 70.8	$ 5.8
Add: Interest	8.2	12.5	13.5	2.9	24.9	49.9
Add: Taxes	9.0	3.2	12.3	0.7	4.1	2.0
Add: Depreciation and amortization	21.1	12.4	34.2	4.1	24.9	50.1
Add: Reorganization expense	-	13.7	-	45.5	18.9	144.8
Less: Gain on fresh start accounting	-	-	-	(659.1)	-	-
Less: Noncash gain on liquidation of subsidiary	(0.2)	-	(0.2)	-	(9.0)	(5.3)
(Less)/add: Provision for environmental remediation and restoration, net of reimbursements	(4.3)	0.4	(4.3)	-	(39.6)	(47.3)
Add: Plant closure costs	-	0.3	0.2	0.1	1.2	1.3
Add: Fresh start inventory mark-up	3.4	-	35.5	-	-	-
Add: Stock based compensation charges	3.2	0.1	6.1	-	0.2	0.5
Add: Foreign currency remeasurement	2.1	(3.0)	2.0	(1.3)	(1.2)	11.8
Add: Other items	2.5	(2.7)	3.5	0.1	(3.3)	(10.5)
Adjusted EBITDA	**$ 111.2**	**$ 48.7**	**$ 179.2**	**$ 24.3**	**$ 91.9**	**$ 203.1**

(1) Excludes tax effects due to valuation allowances that were recognized which offset deferred taxes and NOLs in the U.S.

SOURCE Tronox Incorporated