



Building a more competitive company



Tronox, headquartered in Oklahoma City, is the world's third-largest producer and marketer of titanium dioxide pigment, with a production capacity of 642,000 tonnes at year-end 2006. Titanium dioxide is an inorganic white pigment used in paint, coatings, plastics, paper and many other everyday products. The company's five pigment plants, which are located in the United States, Australia, Germany and the Netherlands, supply high-performance products to approximately 1,100 customers in 100 countries. In addition, Tronox produces electrolytic products, including sodium chlorate, electrolytic manganese dioxide, boron trichloride, elemental boron and lithium manganese oxide. Tronox Incorporated common stock trades on the New York Stock Exchange under the symbols "TRX" and "TRX.B."

Financial Highlights

Millions of dollars, except per-share amounts	2006	2005
Net Sales	\$1,411.6	\$ 1,364.0
Income from Continuing Operations	25.0	46.4
Net Income (Loss)	(0.2)	18.8
Net Cash Flow from Operating Activities	111.6	61.5
Capital Expenditures	79.5⁽¹⁾	87.6
Depreciation and Amortization	103.0	103.1
Total Assets	1,823.4	1,758.3
Total Debt	548.8	550.0
Stockholders' Equity	437.3	489.0
Adjusted EBITDA ⁽²⁾	191.9	232.0
Common Shares Outstanding at year end (thousands)	41,244	40,776
Income (Loss) per Common Share (diluted) ⁽³⁾		
Income from Continuing Operations	\$ 0.61	\$ 1.89
Net Income (Loss)	\$ 0.00	\$ 0.77

⁽¹⁾ Year ended amount excludes \$9.4 million of noncash expenditures for the acquisition of mining tenements in Australia.

⁽²⁾ Adjusted EBITDA is a non-GAAP financial measure. A detailed reconciliation to the comparable GAAP financial measures can be found on page 27 of this annual report.

⁽³⁾ Weighted average shares used for the 2005 earnings per share calculation was 24,517,705.

In 2006, Tronox Incorporated celebrated one year as a publicly traded company and successfully completed its separation from its former parent within budget and ahead of schedule. As an independent company, Tronox faced new opportunities, as well as new challenges. With a goal of increasing value for our shareholders, we continued to execute on our long-term strategy, which focuses on cash, returns and profit; extracting more from existing assets; and growth of our titanium dioxide (TiO₂) business.

Recognizing that Tronox's future depends on our ability to compete globally in the TiO₂ market, irrespective of pricing or the business environment, we embarked on a number of strategic initiatives in 2006 to build a more competitive company.

To drive baseline improvements in our business, we developed Project Cornerstone, which is designed to move overall business performance to top quartile through cost reduction and cash flow initiatives. Cornerstone addresses all aspects of our business, including operations and supply chain excellence, SG&A productivity, quality improvement, electrolytic business growth, accelerated land sales, capital expenditures, inventory reduction and payables/receivables improvements. Through this effort, we expect to achieve annual baseline operating cash cost reductions of \$60 million by the end of 2008. We also expect to reduce working capital by \$100 million and monetize \$100 million of stranded assets by the end of 2010. The assets include Tronox 100%-owned property in the Las Vegas metropolitan area and other select parcels of land across the United States. In addition, the company's approximate 30% non-controlling participation interest in the LandWell Company LP, a land sale and development company that owns 2,200 contiguous acres and other parcels in the Las Vegas area, could potentially generate more than \$150 million for Tronox. (Cornerstone operating cash cost goals and estimates on asset sales are before taxes.)

Utilizing employee expertise, along with Six Sigma and Lean Manufacturing tools, we demonstrated our ability to execute on this strategic initiative by exceeding our 2006 Project Cornerstone targets.



One of our most important achievements in 2006 was our safety performance. Last year, we achieved our second-best year in employee safety performance since we began collecting data 27 years ago. This followed our all-time best performance in 2005. The well-being of employees, contractors and neighbors is critical to the success of Tronox, and we remain committed to continued improvement in our safety performance, with an ultimate goal of zero incidents companywide.

ADDITIONALLY, IN 2006 TRONOX:

- Increased the value of TRX common stock during its first year of trading by approximately 20%, opening on Nov. 22, 2005, at \$13.60 and closing on Nov. 22, 2006, at \$16.35
- Increased net sales 3.5% over the prior year, with sales totaling \$1,412 million in 2006
- Increased TiO₂ production volumes by 1.6% in 2006 compared to 2005 (includes 100% of the Tiwest Joint Venture production volumes)
- Maintained its share of the worldwide TiO₂ market (third-largest global producer and marketer and second-largest producer and marketer of chloride process pigment)
- Increased TiO₂ annual capacity to 642,000 tonnes through low-cost process improvements, increased uptime and debottlenecking
- Extended the economical production life of the Tiwest Joint Venture (Tronox 50%) by acquiring mine tenements in Western Australia that increase the joint venture's proven and probable ore reserves by 2.1 million tonnes
- Met strong customer demand in the Asia-Pacific region and Europe through effective allocation of products among regions as a result of improved sales and operations planning
- Started the high ilmenite feed project at the Uerdingen, Germany, pigment plant to increase the profitability of this facility
- Executed a contract with the Oklahoma Department of Commerce to maintain the company's headquarters in Oklahoma, with cash incentives from the state for staying in Oklahoma that are expected to total approximately \$15 million over the next 10 years
- Completed the exchange of its \$350 million 9½% Senior Notes due 2012



Tiwest Joint Venture TiO₂ facility in Western Australia

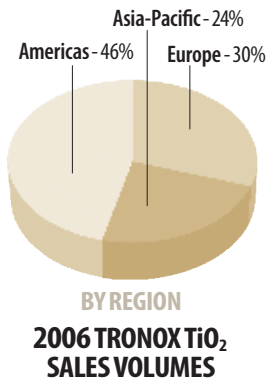
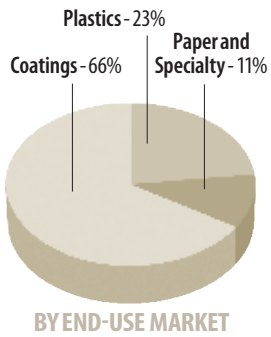
While we achieved many of our objectives, our overall financial performance was impacted by several factors, including high energy and process chemical costs, a full year of interest expense on debt issued in late 2005 and a full year of corporate expenses. In addition, Tronox had varying degrees of success in implementing price increases due to global competitiveness and the market impact of hurricane-damaged pigment facilities returning to production. As such, the company was unable to fully offset higher costs through price increases.

Building a More Competitive Company

In 2007, we must continue to build a more competitive company to enhance shareholder value. Our employees recognize that Tronox's success depends on our ability to execute on our strategy, which remains the same. Continuing to reduce costs and working capital through Project Cornerstone is a priority. In addition, Tronox will improve competitiveness by achieving its global objectives in areas such as production, sales and marketing, research and development, electrolytic/other chemicals, and safety and environmental stewardship.

Optimizing TiO₂ Assets

Tronox is the world's third-largest producer and marketer of TiO₂, and this business segment accounted for approximately 93% of the company's net sales in 2006. As a leader in the industry, Tronox owns proprietary chloride process technology, which produces a pigment preferred in many coatings, plastics and other end-use applications. Tronox has leveraged its technology and expertise to become the world's second-largest producer and marketer of chloride process TiO₂, which accounts for approximately 83% of the company's capacity.



Historically, the TiO₂ market has grown at annual rates of approximately 2.5% to 3%, with chloride process pigment demand growing at a higher annual rate. In 2006, the market continued to grow, with tight supply and demand, high capacity utilization and low inventories. The Asia-Pacific region experienced demand growth of more than 11%, a trend we expect to continue considering its current per capita pigment use is about 10% of the per capita use in North America and Europe.

We believe these industry fundamentals will continue, and Tronox has a plan in place to optimize its assets by capturing opportunities presented by our chloride technology expertise, strong customer base and rapid growth of the Asia-Pacific market.

With a disciplined approach to production growth, Tronox is focused on allocating resources and capital to optimize its chloride process assets, continue its efforts dedicated to the Americas and Europe and meet growing demand in the Asia-Pacific region.

Each of Tronox's four chloride process pigment facilities offers the opportunity for low-cost capacity expansion. During the past two years, the company demonstrated its ability to increase capacity through low-cost process improvements, improved uptime and debottlenecking at the Botlek, Netherlands, plant. This capacity increase, from 72,000 tonnes to 90,000 tonnes, was timed to meet the growing European market demands.

TRONOX PIGMENT PLANTS

(Annual gross capacity at year-end 2006)

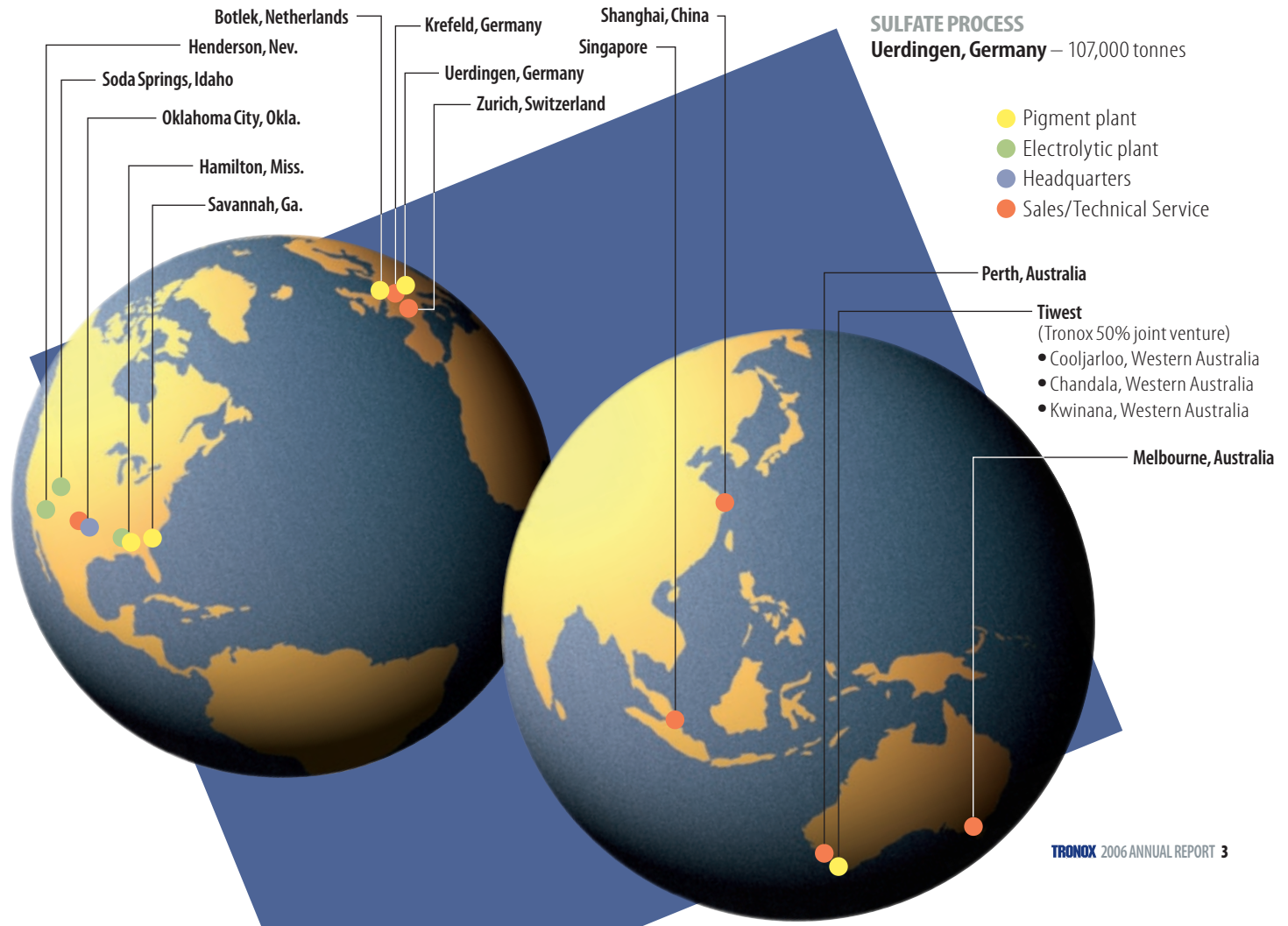
CHLORIDE PROCESS

- Hamilton, United States** – 225,000 tonnes
- Savannah, United States** – 110,000 tonnes
- Botlek, Netherlands** – 90,000 tonnes
- Kwinana, Western Australia** – 110,000 tonnes (Tiwest Joint Venture – Tronox 50%)

SULFATE PROCESS

- Uerdingen, Germany** – 107,000 tonnes

- Pigment plant
- Electrolytic plant
- Headquarters
- Sales/Technical Service



In early 2007, Tronox announced plans to increase annual capacity at the Tiwest Joint Venture (Tronox 50%) Kwinana, Western Australia, pigment plant, which is part of the world's largest fully integrated titanium dioxide project and one of Tronox's most cost effective operations. The 40,000 to 50,000 tonne expansion, with an estimated cost in the range of \$35 million to \$45 million, will provide the opportunity for increased sales into the Asia-Pacific region. The new capacity is expected to be on line in 2009.



Consistent with our strategy, we will focus resources and competencies on our proprietary chloride process strengths. As such, we are exploring strategic options to realize the full value of Tronox's only sulfate process TiO_2 plant, which is located in Uerdingen, Germany. Moving forward, we will continue to evaluate new industry opportunities that would allow us to grow our position in the TiO_2 market, including upstream and downstream opportunities that lever our existing core competencies.

Producing the Right Products for the Right Customers

Tronox's sales and marketing strategy is focused on producing the right products, for the right customers, in the right markets and regions. The company carefully evaluates and selects targeted markets where it has the expertise, products and production capabilities to efficiently and cost effectively meet customer needs. Emphasis is placed on aligning research and development, operations, and customer and technical services with marketing and sales objectives. Communication between teams, across regions and with customers is critical, and our market segmentation and sales and operations planning processes ensure this occurs.

Development of new products with enhanced properties that will meet future demands is also essential. Currently, Tronox has a number of products in the research and development phases — from concept to plant trial. Over the next few years, Tronox will introduce new products that meet customer requirements in each of our targeted markets.

One of Tronox's major strengths is our customer and technical services, which are globally recognized as among the best in the industry. Our goal is to help customers maximize the use of our product, which adds value for both Tronox and the customer. We are extremely proud of the talented employees who work daily to assist our approximately 1,100 customers.

Realizing Value from Non-Pigment Businesses

Tronox's electrolytic and other chemical products account for approximately 7% of the company's total net sales. This includes three U.S. plants that produce electrolytic manganese dioxide, sodium chlorate, boron trichloride, elemental boron and lithium manganese oxide which are used in everyday products, such as batteries, paper, pharmaceuticals and automobile air bags. In 2006, these plants achieved capacity utilizations above 90% as a result of world-class maintenance efforts, and contributed to our Project Cornerstone success, with cash cost and working capital reductions. The Hamilton, Miss., sodium chlorate plant achieved record production and sales, along with record safety performance, in 2006.

The electrolytic team will continue its efforts to high grade products, leverage latent capacity, grow margins, and enhance safety and environmental programs to increase profitability and provide consistent cash flow. The company also will evaluate new markets and regions that offer growth opportunities for these businesses.

Operating Safely and Caring for the Environment

Our top priority is taking care of our people. We want every employee and contractor to go home injury free every day, and we had a number of sites achieve zero safety incidents in 2006. All employees and contractors are expected to follow Tronox's high safety and environmental standards, and we work diligently to ensure the company is complying with appropriate rules and regulations everywhere we operate.

Creating a Dynamic Culture

Employees are often referred to as a company's most important asset. At Tronox, employees are not a company asset — they are the company, and retaining and attracting the best people is a strategic objective. Our goal is to offer a dynamic culture where ideas can be debated, tested and implemented, in an environment of respect and high ethical standards. Our diverse team includes long-term employees, who bring experience and knowledge to our business, as well as new recruits, with new perspectives and ideas.

In addition to outstanding employees, Tronox has a highly qualified board of directors that is committed to providing transparency in our business dealings and open discussion of our achievements, challenges and strategies.

2007 and Beyond

We operate in an extremely competitive global industry, and we must be able to compete irrespective of the business environment. As Tronox embarks on its second year as an independent company, we will continue to execute on our initiatives to build a more competitive company with a focus on what we can control — costs, quality and service. Our ultimate goal is to enhance shareholder value, and with the support of our talented employees, I am confident our strategy will result in consistent earnings growth in the future.

Sincerely,



Thomas W. Adams
Chairman and Chief Executive Officer



PROJECT CORNERSTONE



Project Cornerstone initiatives involve employees worldwide and are led by the senior management team, with the board of directors closely monitoring progress. This structured approach ensures accountability and good visibility into each project. All Cornerstone

projects have one thing in common — the goal to achieve savings with minimal capital expenditures. Following are a few examples of Tronox's numerous Cornerstone successes to date:

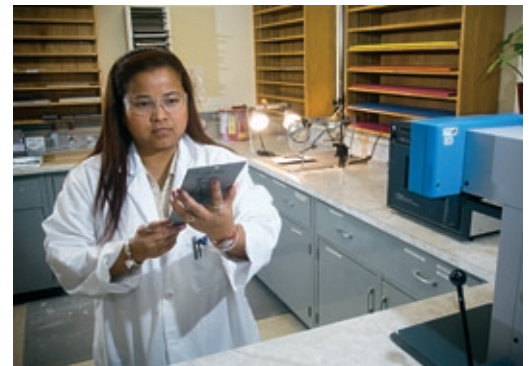
■ The Hamilton, Miss., pigment plant formed a Six Sigma Green Belt project team to reduce the usage of a specific process chemical by 10%. The team implemented a number of operational and maintenance improvements to reduce annual costs by more than \$750,000.

■ The Botlek, Netherlands, plant and Oklahoma City research and development team worked together to implement advanced process controls that increased operational consistency and reduced process chemical consumption, resulting in annual savings of nearly \$1 million.

■ Increasing energy efficiency is a focus at Tronox, and the Hamilton plant successfully decreased natural gas usage, reducing annual operating costs by approximately \$1 million. At the Uerdingen, Germany, plant, employees reduced energy usage through preventive maintenance and process improvements for annual savings of more than \$1 million.

■ The Savannah, Ga., and Hamilton plants teamed up to reduce operating costs and working capital by decreasing the cost of treatment chemicals.

■ In addition, supply chain and SG&A teams have projects under way to reduce cash costs and working capital.



Board of Directors

Thomas W. Adams

Chairman and Chief Executive Officer, Tronox Incorporated

Peter D. Kinnear

Lead Director, Tronox Incorporated President, Chief Operating Officer and member of the board of directors, FMC Technologies, Inc.

Jerome Adams

Retired Senior Vice President of Administration, BMC Software, Inc.

Robert D. Agdern

Founder, Value Negotiation

David G. Birney

Retired President and Chief Executive Officer, Solvay America, Inc.

Bradley C. Richardson

Executive Vice President Finance and Chief Financial Officer, Modine Manufacturing Company

Board Committees:

Audit

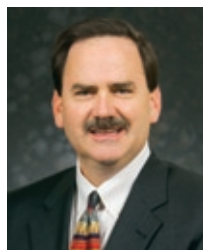
Jerome Adams
Robert D. Agdern
David G. Birney
Peter D. Kinnear
Bradley C. Richardson (Chair)

Executive Compensation

Jerome Adams (Chair)
Robert D. Agdern
David G. Birney
Peter D. Kinnear
Bradley C. Richardson

Corporate Governance and Nominating

Jerome Adams
Robert D. Agdern
David G. Birney
Peter D. Kinnear (Chair)
Bradley C. Richardson



T. W. Adams



Kinnear



J. Adams



Agdern



Birney



Richardson

Corporate Officers

Thomas W. Adams

Chairman and Chief Executive Officer

Marty J. Rowland

Chief Operating Officer

Mary Mikkelson

Senior Vice President and Chief Financial Officer

Roger G. Addison

Vice President, General Counsel and Secretary

Robert Y. Brown, III

Vice President, Strategic Planning and Development

Patrick S. Corbett

Vice President, Safety and Environmental Affairs

Robert C. Gibney

Vice President, Investor Relations and External Affairs

Kelly A. Green

Vice President, Market Management

Mark S. Meadors

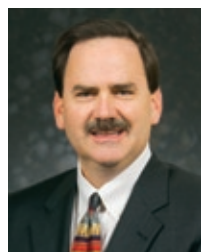
Vice President, Human Resources

John D. Romano

Vice President, Sales

Gregory E. Thomas

Vice President, Supply Chain and Strategic Sourcing



T. W. Adams



Rowland



Mikkelson



Addison



Brown



Corbett



Gibney



Green



Meadors



Romano



Thomas

Corporate Information

Stock Exchange Listings

Tronox Incorporated Class A common stock is listed on the New York Stock Exchange (NYSE) under the symbol "TRX." Tronox Incorporated Class B common stock is listed on the NYSE under the symbol "TRX.B."

2007 Annual Meeting

Tronox's annual meeting will be held at 9 a.m. Central Time on May 8, 2007, in the Ronald J. Norick Downtown Library, 46th Star Auditorium, 300 Park Ave., Oklahoma City.

Stockholder Assistance

Contact UMB Bank, N.A., at 1-800-884-4225 toll free in North America or 1-816-860-7786 for assistance with:

- Direct deposit of cash dividends
- Transfer of stock certificates
- Replacement of lost or destroyed stock certificates and dividend checks

Shareholder Services

Call 1-866-775-3940 toll free in North America or 1-405-775-5105 for general information and assistance or to request the company's annual report on Form 10-K and quarterly reports on Form 10-Q, as filed with the U.S. Securities and Exchange Commission, and the company's annual report.

Information also is available on the company's website, including webcasts of conference calls discussing quarterly financial and operating results.

Investor Information

Stockholders, security analysts and other interested parties may direct inquiries to Robert Gibney, Vice President of Investor Relations and External Affairs, at 1-866-775-5009 toll free in North America or 1-405-775-5105, P.O. Box 268859, Oklahoma City, OK, 73126-8859.

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Global Sales and Customer Service Offices

www.tronox.com/products/sales

Forward-Looking Statements

Statements in this annual report regarding the company's or management's intentions, beliefs or expectations, or that otherwise speak to future events, are "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements include those statements preceded by, followed by or that otherwise include the words "believes," "will," "expects," "anticipates," "intends," "estimates," "projects," "target," "budget," "goal," "plans," "objective," "outlook," "should," or similar words. Future results and developments discussed in these statements may be affected by numerous factors and risks, such as the accuracy of the assumptions that underlie the statements, the market value of Tronox's products, demand for consumer products for which Tronox's businesses supply raw materials, the financial resources of competitors, changes in laws and regulations, the ability to respond to challenges in international markets, including changes in currency exchange rates, political or economic conditions in areas where Tronox operates, trade and regulatory matters, general economic conditions, and other factors and risks as discussed in the Risk Factors section beginning on page 13 of Tronox's Form 10-K included in this annual report. Actual results and developments may differ materially from those expressed or implied in this annual report. The company does not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the date the forward-looking statement was made. Investors are urged to consider closely the disclosures and risk factors identified in the company's U.S. Securities and Exchange Commission (SEC) filings, available from Tronox's offices or website, www.tronox.com. These also may be obtained from the SEC by calling 1-800-SEC-0330.



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