

## TRONOX INCORPORATED

EBITDA and Adjusted EBITDA are not presentations made in accordance with generally accepted accounting principles, or GAAP. The following table reconciles net income to EBITDA and Adjusted EBITDA for the periods presented:

(Millions of dollars)	Third Quarter Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
<b><u>Adjusted EBITDA</u></b>				
Net loss	\$ (37.9)	\$ (19.1)	\$ (72.5)	\$ (49.7)
Interest and debt expense	13.9	12.8	38.9	37.5
Interest income	(0.1)	(0.4)	(0.4)	(1.7)
Income tax provision (benefit)	9.5	0.3	(7.0)	6.5
Depreciation and amortization expense	28.9	27.0	86.4	82.8
EBITDA	14.3	20.6	45.4	75.4
Loss (Gain) from discontinued operations	(2.0)	0.6	1.3	3.2
Provision for environmental remediation and restoration, net of reimbursements	-	1.3	0.5	3.0
Extraordinary, unusual or non-recurring items <sup>(a)</sup>	2.8	9.7	7.0	9.7
Gain on sale of assets	(7.4)	(0.5)	(25.1)	(0.8)
Noncash charges constituting:				
Loss on sales of accounts receivable	0.3	0.7	1.8	0.7
Write-downs of property, plant and equipment and other assets	0.4	4.0	0.7	4.3
Impairment charge	-	-	13.5	-
Asset retirement obligations	(2.8)	(0.1)	(2.8)	(0.1)
Other items <sup>(b)</sup>	(1.4)	3.1	3.7	17.8
Adjusted EBITDA	\$ 4.2	\$ 39.4	\$ 46.0	\$ 113.2

(a) Includes costs associated with work force reduction programs.

(b) Includes noncash stock-based compensation, noncash pension and postretirement cost and accretion on asset retirement obligations.

Adjusted EBITDA, which is used by management to measure performance, is a non-GAAP financial measure. Management believes that adjusted EBITDA is useful to investors because it is used in the company's debt instruments to determine compliance with financial covenants. It is included as a supplemental measure of the company's operating performance because it eliminates items that have less bearing on operating performance and highlights trends in the core business that may not otherwise be apparent when relying solely on GAAP financial measures. In addition, adjusted EBITDA 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 the company's financial performance as determined in accordance with GAAP, such as net income (loss). Because other companies may calculate adjusted EBITDA differently, this presentation of adjusted EBITDA may not be comparable to other similarly titled measures of other companies.