

TRONOX TORT CLAIMS TRUST

Binding Arbitration Procedures for Category C Property Damage Claims

Pursuant to Section 3.1(b) of the Tronox Tort Claims Trust Distribution Procedures (“*TDP*”), the Tronox Tort Claims Trust (“*Trust*”) hereby establishes these Binding Arbitration Procedures (the “*Procedures*”) for the liquidation of all Property Damage Claims against the Trust. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the TDP, the Tronox Tort Claims Trust Agreement (“*Trust Agreement*”), the Trust Claim Form, and the Instruction Letter.

I. Overview

These Procedures shall be administered by the Executive Director of the Trust, or the Executive Director’s designee. All references to the Executive Director in these Procedures shall include the Executive Director’s designee.

The arbitrable issues shall include any aspect of liability or damages that could be at issue or applicable in the tort system, including the determination of applicable law, evidentiary standards, causation and damages, provided that offers of settlement or compromise shall not be offered or accepted as evidence of any matter. The Claimant must demonstrate by a preponderance of the evidence that damage occurred to their property for which a Tronox Debtor bears legal responsibility. If a Claimant demonstrates by a preponderance of the evidence that damage has occurred to their property for which a Tronox Debtor bears legal responsibility, the Claimant must prove their damages by a preponderance of the evidence. The issue of damages shall be conducted in the final-offer format, also known as “baseball-style” arbitration. If the Claimant establishes their damages by a preponderance of the evidence, the arbitrator must award the Claimant’s final offer of damages. If the Claimant does not establish their damages by a preponderance of the evidence, the arbitrator must award the Trust’s final offer of damages.

Arbitration may only be pursued by Claimants on an individual basis. As a general matter, claims of different Claimants cannot be grouped together even if the Claimants are represented by the same counsel, unless the Trust, in its sole discretion, decides it would be expeditious to conduct ADR proceedings with respect to more than one claim. In such a case, however, the arbitrator must make an individual determination for each claim as to both liability and damages. These Procedures shall not be construed as imparting to any Claimant any substantive or procedural rights beyond those conferred by the TDP.

It is the Claimant’s responsibility to comply with the deadlines set forth in these Procedures. Although the deadlines may be extended by agreement or for good cause shown, failure to comply with a deadline without obtaining an extension may result in withdrawal of the Claim.

At any time during these Procedures, the parties may agree to settle the Claim and abandon these Procedures.

II. Pre-Hearing Procedures

A. Selection of the Arbitrator

Following the Trust's receipt of the Claimant's completed Trust Claim Form and all required supporting documentation, the Executive Director shall identify three potential arbitrators from a rotating list of pre-approved arbitrators. The initial list of pre-approved arbitrators is attached to these Procedures as Attachment A. The list may be modified by the Executive Director from time to time. The Executive Director shall promptly notify the arbitrators and the parties of the potential arbitrators' selection. If a potential arbitrator is unable or unwilling to serve, then a replacement selection shall be made prior to notifying the parties of the potential arbitrators selected.

Within 7 business days of receipt of the list of three potential arbitrators, the Trust may select and identify to the Executive Director one potential arbitrator to be stricken from the list. The Executive Director shall promptly notify the Claimant of the Trust's strike selection. Within 7 business days of receiving such notification, the Claimant may select and identify to the Executive Director a second potential arbitrator to be stricken from the list. The Executive Director shall then notify the parties of the remaining arbitrator who shall conduct the binding arbitration.

If the Claimant fails or chooses not to exercise its right to strike an arbitrator from the list of potential arbitrators, then the Trust shall select the arbitrator who is to proceed with the arbitration.

The appointed arbitrator shall execute and submit to the Executive Director a Conflicts Disclosure and Arbitrator's Oath (see Attachment B to these Procedures). Upon receipt of this information, the Executive Director shall communicate the information to the parties. Upon the objection of a party to the arbitrator's continued service, the Executive Director, with the consent of the Trust and Claimant, shall designate a neutral third party to determine whether the arbitrator should be disqualified. Any such determination by the third party shall be final.

B. Pre-Hearing Briefs

Within 30 days of the appointment of the arbitrator, each party shall submit to the opposing party and to the arbitrator a brief containing that party's positions and arguments. The brief shall not exceed 10 double-spaced, type-written pages, exclusive of attachments. If the Trust exercises its discretion to conduct ADR proceedings with respect to more than one claim as provided for in Section I above, the brief shall not exceed 25 double-spaced, type-written pages, exclusive of attachments

Because the issue of damages will be determined through the final-offer format (also known as "baseball-style" arbitration), the pre-hearing briefs must include each party's final offer of settlement. The arbitrator shall choose from the parties' final settlement offers when determining the amount of any arbitration award.

C. Pre-Hearing Conference

Within 15 days of receipt of both parties' arbitration briefs, the arbitrator shall contact the Trust and Claimant to schedule the pre-hearing conference, which shall take place no more than 60 days following the receipt of the parties' arbitration briefs.

The pre-hearing conference shall be presided over by the arbitrator and held by telephone. During the pre-hearing conference, the arbitrator shall seek to achieve agreement between the parties on the issue(s) presented and any other matters that may impact or expedite the arbitration hearing. The pre-hearing conference shall not take the place of, or be converted into, the arbitration hearing.

During the pre-hearing conference, the arbitrator shall schedule the date of the arbitration hearing, which shall not be less than 45 or more than 60 days following the pre-hearing conference. The arbitration shall take place at the location of the Arbitrator unless both parties agree that the arbitration hearing may be conducted by telephone.

D. Brief Supplements

Each party may submit a supplement to its brief following the pre-hearing conference to respond to the opposing party's positions and arguments and/or to address issues raised at the pre-hearing conference. Supplements may not exceed five double-spaced, typewritten pages. Supplements must be sent to the opposing party and the arbitrator within 10 days after the pre-hearing conference.

E. No Discovery, With Limited Exceptions

The purpose of the arbitration is to resolve differences between the Trust and the Claimant and no discovery shall be permitted. The Claimant and the Trust may rely upon the bankruptcy Proof of Claim, Trusts Claim Form, and supporting documents that were submitted to the Trust by the Claimant within the deadline specified by the Trust in the claims materials. Additionally, the Trust may rely upon publicly available documents and/or any other information that the Trust may rely upon in determining the value of a claim, so long as the Trust provides a summary of such information to the Claimant or his or her counsel at least twenty (20) days before the arbitration hearing. The Claimant may not rely upon any information that it did not submit to the Trust by the deadline specified in the claims materials. .

III. Procedures for the Arbitration Hearing

A. Location, Duration, and Attendance at the Arbitration Hearing

The arbitration hearing shall be conducted at the location of the Arbitrator, or by telephone if the parties agree. The duration of the arbitration hearing shall be limited to no more than two days, with each day consisting of no more than eight hours. Each party shall be given one hour for arguments, which may be split between the open and closing arguments as determined by each party. If no witnesses are called to testify, then the parties shall be limited to 45 minutes of argument each; in such cases, the Claimant may elect to divide his or her time between opening and rebuttal. In no event may either party's case exceed six hours.

B. Evidence Presented at the Arbitration Hearing

The arbitrator is not required to apply the rules of evidence used in judicial proceedings. The arbitrator shall, however, recognize and apply the attorney-client privilege and the work-product doctrine, as appropriate. The arbitrator shall determine the applicability of any privilege or immunity, as well as the admissibility, relevance, materiality, and weight of the evidence offered. If the Claimant chooses to testify at the arbitration hearing, the testimony shall be given under oath or affirmation administered by the arbitrator. Neither party may introduce any evidence or issues at the hearing that were not included in the party's brief or brief supplement. The arguments of counsel for the parties shall be limited to the evidence and issues introduced at the hearing.

C. Arbitration Hearing in the Absence of a Party or Representative

The arbitrator, for good cause shown, may postpone the arbitration hearing upon the request of a party, at the arbitrator's own initiative, or when all parties agree to a postponement. The arbitration hearing may proceed in the absence of any party who fails to appear or fails to request and obtain a postponement of the hearing if he or she desires to be present but, for good cause shown, cannot be. An award shall not be made against a party solely on the basis of that party's failure to appear at the hearing. The arbitrator shall require the party who does appear at the hearing to submit evidence on which to base any award.

D. Conclusion of Hearing and Submission of Post-Hearing Briefs

When the parties state that they have no further evidence to offer, and after the parties have made their closing arguments, if any, the arbitrator shall declare the hearing closed. Post-hearing briefs will be permitted only upon order of the arbitrator. Such briefs must be submitted to the arbitrator and opposing party no later than 10 days after the hearing is closed, and they may not exceed five double-spaced, typewritten pages.

E. Arbitration Decision

The arbitrator shall issue a written decision no later than 30 days after the date of the close of the hearing or submission of post-hearing briefs, whichever is later.

The arbitrator's decision shall be in the form of Award as reflected in Attachment C to these Procedures, and shall be limited to determining if the Claimant has established by a preponderance of the evidence that damage occurred to their property for which a Tronox Debtor bears legal responsibility, and if so, if the Claimant has established their final offer of damages by a preponderance of the evidence. In determining the amount of the arbitration award, the arbitrator must choose the Claimant's demand if the Claimant established their final offer of damages by a preponderance of the evidence. The arbitrator must choose the Trust's demand if the Claimant did not establish their final offer of damages by a preponderance of the evidence. If the claim is disallowed because the Claimant fails to establish by a preponderance of the evidence that damage occurred to Claimant's property for which a Tronox Debtor bears legal responsibility, the value of the claim is zero and the arbitrator does not need to select between the Claimant's and the Trust's final offer of settlement. The decision shall not state the reasons for any award. The arbitrator may not award punitive damages, attorney fees, pre- or post-judgment

interest, or costs. Any award given by the arbitrator shall fully determine and dispose of the sole issue to be decided in the arbitration: the amount, if any, at which the Claim should be valued.

F. Payment of Award

The arbitrator's award is final and binding on the parties. Within 15 days of the arbitrator's decision, the Trust will send to the Claimant the appropriate release. Upon receipt of an executed release, the Trust will pay the Claim in accordance with the TDP.

IV. General Rules Governing the Arbitration

A. Time Limits

The time limits set forth in these Procedures are and will be strictly enforced. Any time limit may be extended by agreement of the parties or, for good cause shown, by the arbitrator. Any request for extension of time shall first be made to the opposing party. If the parties cannot agree on an extension, then the request shall be submitted to the Executive Director, who will seek a ruling on the request from the arbitrator.

Although the time limits set forth in these Procedures may be extended as set forth above, failure to comply with a deadline without first obtaining an extension may result in withdrawal of the Claim. Promptly after a Claimant fails to comply with a particular time limit without having sought an extension of time, the Executive Director shall send the Claimant written notice of the failure to comply. If the Claimant does not take any action on the Claim within 30 days of receipt of such notice, then the Claim will be deemed withdrawn.

B. No Record of Proceedings Unless Requested by Arbitrator

There will be no record or transcript of the arbitration hearing unless the arbitrator requests a transcript to assist him or her in the decision-making process. In the event that the arbitrator requests a transcript prior to the arbitration hearing, the Executive Director shall arrange for a court reporter, and the Trust shall pay the expenses associated with preparation of the transcript. In no event will the transcript be made available to the parties, and the time required to prepare the transcript shall not alter the deadline for the arbitrator's decision.

C. No Ex Parte Communications

There shall be no ex parte communications between the arbitrator and any counsel or party. All correspondence between the arbitrator and the parties will be facilitated by the Executive Director.

D. Costs of Arbitration

The Trust will pay the arbitrator's fees and expenses, up to \$2,000.00. In addition, the Trust will assume the costs of meeting facilities for the arbitration hearing. Claimants are responsible for any arbitrator's fees and expenses in excess of \$2,000.00, as well as their own costs and attorneys' fees incurred in connection with the arbitration proceedings.

E. Waiver of Objection to Rules Infraction

A party who believes that a provision of these Procedures has been violated by the other party, but who continues with the arbitration proceeding without objecting to such violation, shall be deemed to have waived that objection. Objections must be stated in writing and mailed to the Executive Director, who will forward the written objection to the arbitrator.

F. Claims and Defenses

All available claims and defenses, except any claims for punitive damages, shall be available to both sides during the arbitration process under these Procedures.

G. Serving of Notices and Other Papers

Each party shall be deemed to have consented to service of papers or notices relating to the proceeding as follows:

1. By regular U.S. mail or overnight courier addressed to the party or his/her attorney at the party's or the attorney's last known address;
2. By facsimile transmission or electronic mail; and/or
3. By personal service.

Documents sent via regular U.S. mail shall be deemed received three days after the date of postmark. Documents sent via overnight mail shall be deemed received on the next business day after mailing. Documents sent by facsimile or electronic mail, or by personal service, shall be deemed received on the same business day that the documents were sent.

H. Exclusion of Liability and Arbitrator Immunity

The Executive Director, Trust, and arbitrator shall not be liable to any party for any act or omission in connection with these Procedures. All arbitrators who serve pursuant to these Procedures shall have the same immunity as judges for their official acts.

I. Jurisdiction

The United States Bankruptcy Court for the Southern District of New York (the "*Court*") shall have exclusive jurisdiction over any disputes arising under these Procedures.

J. Statement of Confidentiality

1. *Confidentiality of Arbitration Proceedings*

The entire arbitration process is confidential. Unless required by law or otherwise agreed to by all the parties, neither the parties nor the arbitrator shall disclose to any person who is not associated with the participants in the arbitration process, including any judicial officer, any information regarding the process (including pre-process exchanges

and agreements), the Claimant's Claim (including written and oral information), settlement terms, or the outcome of the arbitration proceeding.

2. *Arbitration Proceedings Treated as Settlement Conference*

Under these Procedures, the entire arbitration process is treated as a settlement conference subject to Federal Rule of Evidence 408 and all state counterparts, as well as any other applicable settlement privilege protecting the confidentiality of settlement conferences or negotiations. All offers, promises, conduct, and statements, whether oral or written, made in the course of an arbitration proceeding by any of the parties, or a party's agents, employees, experts, or attorneys, or by the arbitrator, are confidential. Such offers, promises, conduct, and statements are not discoverable or admissible for any purpose, including impeachment, in any litigation between the parties.

The exchange of any tangible material by the parties shall be without prejudice to any claim that such material is privileged or protected as work product within the meaning of Federal Rule of Civil Procedure 26 and all state counterparts.

The arbitrator and any documents or information in his or her possession shall not be subpoenaed in any other investigation, action, or proceeding, and all parties will oppose any effort to have the arbitrator or documents in his or her possession subpoenaed. The arbitrator will promptly advise the parties of any attempt to compel him or her to divulge documents or information received in a proceeding that takes place pursuant to these Procedures.

Except for documents prepared by a non-party that are introduced as evidence before an arbitrator, any document prepared by a party, attorney, or agent of the party in anticipation of the arbitration process shall be deemed privileged and confidential, and shall not be disclosed to any court or arbitrator, or construed for any purpose as an admission against interest.

3. *Exceptions*

Notwithstanding the foregoing, information obtained during the arbitration process, including the decision of the arbitrator, may be disclosed as necessary by the Trust to meet its reporting obligations to the Bankruptcy Court, to enforce a binding arbitration award, to enjoin a Claimant from seeking to litigate his or her Claim after participating in arbitration, for purposes of showing accord and satisfaction or res judicata, or to consult with the TAC and/or counsel to the Trust. In addition, evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or nondiscoverable solely as a result of its presentation or use during an arbitration proceeding.

K. Amendments

Except as otherwise ruled by the Court, these Procedures, as they may from time to time be amended by the Trustee, will be binding on all parties in the form in which they are in force as of the date that the Claimant submits its Trust Claim Form to the Trust.

LIST OF PRE-APPROVED ARBITRATORS

Attachment B

CONFLICTS DISCLOSURE AND ARBITRATOR’S OATH

In the Matter of Arbitration Between _____ and the Tronox Tort Claims Trust.

To: _____
Name of Arbitrator

It is important that the parties have complete confidence in the Arbitrator’s impartiality. Therefore, please disclose any past or present relationship with the parties, their counsel, or potential witnesses, direct or indirect, whether financial, professional, social, or of any other kind. This is a continuing obligation throughout your service on this matter, and should any additional direct or indirect contact arise during the course of the arbitration, or if there is any change at any time in the biographical information that you have provided, it must also be disclosed. Any doubts should be resolved in favor of disclosure. If you are aware of direct or indirect contact with such individuals, please describe it below. Failure to make timely disclosure may forfeit your ability to collect compensation. The Executive Director for the Tronox Tort Claims Trust will call the disclosure to the attention of the parties.

You will not be able to serve until a duly executed Conflicts Disclosure and Arbitrator’s Oath is received and on file with the Executive Director of the Tronox Tort Claims Trust. After conducting a check for conflicts, answer the following questions and complete the remainder of this form.

- | | <u>Yes</u> | <u>No</u> |
|--|--------------------------|--------------------------|
| 1. Have you had any professional or social relationship with counsel for any party in this proceeding or the firms for which they work? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Have you had any professional or social relationship with any parties or witnesses identified to date in this proceeding or the entities for which they work? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Have you had any professional or social relationship of which you are aware with any relative of any party to this proceeding, any relative of counsel for any party to this proceeding, or any of the witnesses identified to date in this proceeding? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Have you, or has any member of your family or any close social or business associate, ever served as an arbitrator in a proceeding in which any of the parties or identified witnesses gave testimony? | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Have you, or has any member of your family or any close social or business associate, been involved in the last five years in a dispute involving the subject matter of this arbitration that you have been assigned? | <input type="checkbox"/> | <input type="checkbox"/> |

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6. Have any of the party representatives, law firms, or parties appeared before you in any past arbitrations?
7. Are you a member of any organization that is not listed on your biography that may be relevant to this arbitration?
8. Have you ever sued or been sued by either party or counsel for either party to this proceeding?
9. Are there any connections, direct or indirect, with any of the case participants that have not been covered by the above questions?

Should the answer to any question be “Yes,” or if you are aware of any other information that may lead to a justifiable doubt as to your impartiality or independence, or create an appearance of partiality, please describe the nature of the potential conflict(s) on an attached page.

Please indicate one of the following:

- I have conducted a check for conflicts and have nothing to disclose.
- I have conducted a check for conflicts and have made disclosures on an attached sheet.

Signed this the ____ day of _____, 20__.

Signature of Arbitrator

ARBITRATOR'S OATH

In the Matter of Arbitration Between _____ and the Tronox Tort Claims Trust.

State of _____

County of _____

I attest that I have reviewed my biography, which the Executive Director of the Tronox Tort Claims Trust provided to the parties in this case, and I confirm that it is current, accurate, and complete.

I attest that I have diligently conducted a conflicts check, including a thorough review of the information provided to me about this case to date, and that I have performed my obligations and duties to disclose in accordance with all applicable statutes pertaining to arbitrator disclosures, as well as the code of judicial conduct in force in the jurisdiction in which the arbitration is to take place.

I understand that my obligation to check for conflicts and to make disclosures is ongoing for the length of my service as an arbitrator in this matter, and that failing to make appropriate and timely disclosures may result in my removal as arbitrator from the case.

I, being duly sworn as arbitrator in this proceeding, hereby accept this appointment. I will faithfully and fairly hear and decide the matters in controversy between the parties in accordance with their arbitration agreement, and will make an award according to the best of my understanding.

Date

Signature

Name

Sworn to and subscribed before me this the _____ day of _____, 20__.

NOTARY PUBLIC

TRONOX INCORPORATED

TORT CLAIMS TRUST

BINDING ARBITRATION AWARD FORM

Claimant Name: _____

Claim Number: _____

The undersigned Arbitrator, having reviewed the file herein and the submissions and evidence of the parties, hereby renders the following decision in accordance with the Tronox Incorporated Tort Claims Trust Distribution Procedures (*TDPs*) and the Arbitration Procedures for Category C Property Damage Claims (*ADR Procedures*).

I. Liability

_____ The Claimant has NOT established by a preponderance of the evidence that damage occurred to their property for which a Tronox Debtor bears legal responsibility and the claim should be **DISALLOWED**.

_____ The Claimant has established by a preponderance of the evidence that damage occurred to their property for which a Tronox Debtor bears legal responsibility, and the claim should be **ALLOWED**.

II. Value [Only to be Determined if Claim is ALLOWED]

_____ I find in favor of the Claimant. The Claimant has established by a preponderance of the evidence that the **LIQUIDATED VALUE** of the Claim is _____.

_____ I find in favor of the Tronox Incorporated Tort Claims Trust and award the Trust's final offer of settlement. The Claimant has NOT established their damages by a preponderance of the evidence. The **LIQUIDATED VALUE** of the Claim is _____.

Signature of Arbitrator

_____/_____/_____
Date Award Rendered

Please return this form to:

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