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

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

**NOTICE OF FILING ANNUAL REPORT AND ACCOUNT OF THE  
TRONOX INCORPORATED TORT CLAIMS TRUST  
FOR THE YEAR ENDING DECEMBER 31, 2019**

Pursuant to Section 3.7(b)(i) of the Tronox Incorporated Tort Claims Trust Agreement (the “**Trust Agreement**”), the Trustee of the Tronox Incorporated Tort Claims Trust (the “**Trust**”) hereby gives notice of the filing of the Trust’s Annual Report and Account for the year ending December 31, 2019 (the “**Annual Report**”), a copy of which is attached hereto as Exhibit 1.

Consistent with Section 3.7(b) of the Trust Agreement, the Annual Report includes the assets and liabilities of the Tort Claims Trust as of the end of the year and the receipts and disbursements of the Tort Claims Trust for the preceding year, a summary of the number and type of claims disposed of during the preceding year, a general description of the activities of the Tort Claims Trust, the amount of compensation paid to the Tort Claims Trustee for the preceding

year, and financial statements of the Tort Claims Trust audited by a firm of independent certified public accountants.

As required by Section 3.7(b)(i) of the Trust Agreement, a copy of the Annual Report is being served on Reorganized Tronox, the Delaware Trustee, and the Trust Advisory Committee. In addition, pursuant to Section 3.7(b)(i), this report is available for inspection in accordance with procedures established by the Bankruptcy Court, and shall also be filed with the Office of the United States Trustee for the Southern District of New York.

Dated: April 30, 2020

Respectfully submitted:

/s/ Bethany P. Recht

Jason V. Stitt (admitted *pro hac vice*)

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Attorneys for the Tronox Incorporated Tort Claims  
Trust

# **EXHIBIT 1**

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

In re:	)	Chapter 11
	)	
TRONOX, INC., <i>et al.</i> ,	)	Case No. 09-10156 (MEW)
	)	
Debtors.	)	Jointly Administered

**ANNUAL REPORT AND ACCOUNT OF THE  
TRONOX INCORPORATED TORT CLAIMS TRUST  
FOR THE YEAR ENDING DECEMBER 31, 2019**

**I. INTRODUCTION**

The Tronox Incorporated Tort Claims Trust (the “**Tort Claims Trust**” or “**Trust**”), created pursuant to the First Amended Joint Plan of Reorganization under Chapter 11 of the United States Bankruptcy Code for Tronox, Inc., *et al.* (“**Plan of Reorganization**”), through its Trustee, The Garretson Resolution Group, Inc., d/b/a Epiq Mass Tort<sup>1</sup> (the “**Tort Claims Trustee**” or the “**Trustee**”) hereby files this Annual Report and Account of the Tort Claims Trust (the “**Annual Report**”) in accordance with Section 3.7(b) of the Tronox Incorporated Tort Claims Trust Agreement dated as of February 14, 2011 (the “**Trust Agreement**”).

This Annual Report summarizes the actions taken on behalf of the Tort Claims Trust during the period from January 1, 2019 to December 31, 2019 (the “**Reporting Period**”) and contains the following information: (1) the assets and liabilities of the Tort Claims Trust as of the end of the year and the receipts and disbursements of the Tort Claims Trust for the preceding year, (2) a summary of the number and types of claims disposed of during the preceding year, (3) a general description of the activities of the Tort Claims Trust, (4) the amount of compensation paid to the Trustee for the preceding year, and (5) financial statements of the Tort

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<sup>1</sup> Following an acquisition on December 21, 2018 by Epiq, The Garretson Resolution Group, Inc., operates under a d/b/a of Epiq Mass Tort.

Claims Trust audited by a firm of independent certified public accountants selected by the Trustee and accompanied by an opinion of such firm as to the fairness of the financial statements' presentation of the cash and investments available for the payment of Tort Claims and as to the conformity of the financial statements with generally accepted accounting principles.

## **II. BACKGROUND**

On January 12, 2009 (the "**Petition Date**"), Tronox Incorporated and certain of its subsidiaries and affiliates ("**Tronox**") filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code with the United States Bankruptcy Court for the Southern District of New York (the "**Bankruptcy Court**"). On November 30, 2010, this Court entered an order confirming the Plan of Reorganization. On February 14, 2011, the Effective Date of the Plan occurred, and the Plan of Reorganization was substantially consummated. Pursuant to the Plan of Reorganization, the Trust was created in order to assume the liabilities of the Tronox Debtors arising from or relating to all Tort Claims (as that term is defined in the Plan of Reorganization) and to use the Tort Claims Trust Distributable Amount to pay holders of Allowed Tort Claims in accordance with the Plan of Reorganization, the Trust Agreement, and the Tort Claims Trust Distribution Procedures ("**TDP**") and in a manner that is fair, reasonable, and equitable in light of the limited assets available to satisfy the Tort Claims.

### **1. Trustee**

The Tort Claims Trustee is The Garretson Resolution Group, Inc., d/b/a Epiq Mass Tort. The Tort Claims Trustee administers the Trust, and acts solely in a fiduciary capacity and in accordance with the Trust Agreement.

**2. Trust Advisory Committee**

The Trust Advisory Committee (the “TAC”) is comprised of three members: Ms. Jill A. Moran, Mr. Matthew Slocum, and Mr. Anthony W. Merrill. The TAC represents the interests of all Holders of Tort Claims for the purpose of protecting the rights of such persons.

**3. The Delaware Trustee**

The Delaware Trustee’s sole and limited purpose is to fulfill the requirements of Section 3807 of Chapter 38 of title 12 of the Delaware Code. The Wilmington Trust Company serves as the Delaware Trustee.

**4. Trust Distribution Procedures**

The Tort Claims Trust processes Tort Claims pursuant to the Tronox Incorporated Tort Claims Trust Distribution Procedures.

**III. ANNUAL REPORT AND ACCOUNT**

Section 3.7(b)(i) of the Trust Agreement requires the Annual Report to include:

(1) the assets and liabilities of the Tort Claims Trust as of the end of the year and the receipts and disbursements of the Tort Claims Trust for the preceding year, (2) a summary of the number and type of claims disposed of during the preceding year, (3) a general description of the activities of the Tort Claims Trust, (4) the amount of compensation paid to the Tort Claims Trustee for the preceding year, and (5) financial statements of the Tort Claims Trust (including, without limitation, a balance sheet of the Tort Claims Trust as of the end of such fiscal year and a statement of operations for such fiscal year) audited by a firm of independent certified public accountants selected by the Tort Claims Trustee and accompanied by an opinion of such firm as to the fairness of the financial statements’ presentation of the cash and investments available for the payment of Tort Claims and as to the conformity of the financial statements with generally accepted accounting principles. The Tort Claims Trustee shall provide a copy of each annual report to Reorganized Tronox, the Delaware Trustee, and the TAC when such reports are filed with the Bankruptcy Court.

Accordingly, the Trustee reports the following:

**1. Financial Information**

Attached hereto as Exhibit A is a copy of the audited financial statements of the Trust for the Reporting Period. The audited financial statements were prepared externally by BDO USA, LLP, an accounting and business consulting firm with offices in multiple states. Accompanying the audited financial statements is an opinion of BDO USA, LLP as to the fairness of the financial statements' presentation of the cash and investments available for the payment of Tort Claims and as to the conformity of the financial statements with generally accepted accounting principles.

**2. Assets/Liabilities and Receipts/Disbursements**

The assets and liabilities and receipts and disbursements of the Tort Claims Trust for the reporting period can be found in the Trust's audited financial statements attached hereto as Exhibit A.

**3. Trustee Compensation**

As required by Section 3.7(b)(i) of the Trust Agreement, the amount paid in fees to the Tort Claims Trustee is set forth in the audited financial statements, which are attached hereto as Exhibit A.

**4. TAC Compensation**

As required by Section 6.6 of the Trust Agreement, the compensation and expenses of the TAC can be found in the audited financial statements attached hereto as Exhibit A.

**5. Claims Processing and Summary of Claims**

Section 3.7(b)(1) of the Trust Agreement requires the Annual report to include "a summary of the number and type of claims disposed of during the preceding year." Attached as Exhibit B is a summary of the claims processed and paid during the 2019 fiscal year, as well as a

breakdown of the specific payment complications precluding disbursements for determined claims. More than 89.5% of the assets paid or distributed by the Trust in 2019 were paid to or on behalf of claimants.

**6. Other Activities of the Tort Claims Trust**

A. Category A Claims Related Matters

By June 2016, the Trust had received more than 15,000 Future Tort Claim submissions. On June 30, 2016, the Trust filed a motion with the Bankruptcy Court seeking instructions as to the proper interpretation of the Plan, Trust Agreement, and TDP for the allowance and disallowance of Future Tort Claims. On January 19, 2017, the Bankruptcy Court entered an Order providing instruction on these issues. That Order, *inter alia*, directed the Trustee to provide notice to holders of disallowed Future Tort Claims that in addition to contesting the Trustee's claim determination via the alternative dispute resolution procedures spelled out in the TDP, they could move the Bankruptcy Court for a ruling that, based on grounds of due process or excusable neglect, their claims should not have been disallowed. As of December 31, 2017, more than 4,300 of these motions had been filed with the Bankruptcy Court. Subsequently, on April 25, 2018, the Trustee, through counsel, filed an omnibus objection with the Bankruptcy Court requesting that the Court deny all those motions.

The Bankruptcy Court has not yet ruled on any of the motions filed by holders of Future Tort Claims or the Trustee's omnibus objection to those motions. Until the Court's ruling is issued, and the allowed number of Future Tort Claims is determined, the Trustee cannot calculate the appropriate pro rata share that each Future Tort Claim is entitled to receive, as a percentage of the claim's scheduled value and the amount of funds for Category A disbursement for that time. Based solely upon the number of Category A claims that have been



received to date, the Trustee currently projects that claims in Category A, including Future Tort Claims, will receive less than one percent (1%) of the amount of their scheduled value. The Trustee and its team will continue to evaluate the situation, and may adjust this percentage if claim filings continue at current levels. Additionally, new Future Tort Claim submissions continue to be filed, with more than 17, 000 new Future Tort Claims submitted since August 2017.

B. 2019 Disbursements

The Trustee determined that it is possible to issue supplemental payments from Fund D to qualified Category D claimants, as contemplated by the TDP. It therefore made distributions in the fall of 2019 in the aggregate amount of \$5,963,212.41 to 6,666 Category D claimants whose payment complications were cleared. Presuming no additional payment complications exist, the Trustee expects to make further distributions of approximately \$4,000,000 to qualified Category D claimants in 2020.

C. Claims Litigation

The Trustee was previously named as a defendant in two duplicative lawsuits that were pending before the Lowndes County, Mississippi Chancery Court. Both lawsuits were filed by Arelya Mitchell against the Trustee and various attorneys that represented the estate of Ms. Mitchell's mother, Martha Mitchell, in connection with the settlement of Martha Mitchell's Category D claim. The first lawsuit was dismissed by the court without requiring the Trustee to respond to the complaint. Ms. Mitchell failed to timely appeal dismissal of that initial lawsuit. The second lawsuit, in addition to the original parties from the first lawsuit, also named the Judge who dismissed her prior complaint based on the same allegations. Ms. Mitchell alleged numerous causes of action—albeit not explicitly against the Trustee—including misconduct,

conspiracy and collusion to commit fraud, unethical conduct and ethical violations. Ms. Mitchell's claim against the Trustee related to the payment made by the Trustee to the Centers for Medicare & Medicaid Services to satisfy the Medicare reimbursement claims arising under 42 U.S.C. § 1395y(b)(2) against those claimant's settlement monies, as required under the TDP. The Trustee filed a motion to dismiss the second lawsuit based upon *res judicata*, lack of personal jurisdiction, and failure to state a claim, and also asserted the defenses of release and accord and satisfaction. The Trustee also filed oppositions to Ms. Mitchell's motions to compel and for sanctions against defendants in the lawsuit, and her motion to add claims against defendants. Following a hearing on all pending motions held on May 10, 2019, the Court entered an order on September 19, 2019 dismissing, with prejudice, Ms. Mitchell's complaint against the Trustee based on the application of *res judicata* and failure to state a claim. All other pending motions between Ms. Mitchell and the Trustee were denied as moot. On October 11, 2019, Ms. Mitchell filed an Addendum to Complaint, which the Court deemed moot based on its September 23, 2019 orders. Ms. Mitchell failed to timely appeal dismissal of the second lawsuit.

On October 18, 2019, Ms. Mitchell filed yet another lawsuit together with a motion for preliminary injunction against the Trustee and others seeking the same relief as in her previous two complaints. On November 26, 2019, the Trustee filed a motion to dismiss Ms. Mitchell's most recent filings. Ms. Mitchell then filed an Addendum to Lawsuit dated December 12, 2019 to which the Trustee determined that no response was warranted. The Court has not yet ruled on the Trustee's motion to dismiss.

#### **IV. CONCLUSION**

This summarizes the actions taken on behalf of the Tort Claims Trust for the year ending December 31, 2019. The Trustee will continue to make itself available to answer any questions the Court may have, and remains focused on activities that will further the purposes of the Trust.

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# Exhibit A

## **Tronox Incorporated Tort Claims Trust**

**Special-Purpose Financial Statements**  
As of and for the Years Ended December 31, 2019  
and 2018

## **Tronox Incorporated Tort Claims Trust**

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Special-Purpose Financial Statements  
As of and for the Years Ended December 31, 2019 and 2018

## Tronox Incorporated Tort Claims Trust

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## Independent Auditor's Report

To the Trustee  
Tronox Incorporated Tort Claims Trust  
Cincinnati, Ohio

We have audited the accompanying special-purpose financial statements of Tronox Incorporated Tort Claims Trust (the "Trust") (a statutory Trust created under the laws of the State of Delaware), which comprise the special-purpose statements of assets, liabilities, and net assets available for the payment of claims as of December 31, 2019 and 2018, and the related special-purpose statements of changes in net assets available for the payment of claims and cash flows for the years then ended, and the related notes to the special-purpose financial statements.

### *Management's Responsibility for the Special-Purpose Financial Statements*

Management is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with special-purpose accounting methods adopted by the Garretson Resolution Group, Inc., d/b/a Epiq Mass Tort (the "Trustee"). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of special-purpose financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these special-purpose financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the special-purpose financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special-purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special-purpose financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of special-purpose financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the special-purpose financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.





***Opinion***

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the special-purpose statement of assets, liabilities, and net assets available for the payment of claims of the Trust as of December 31, 2019 and 2018, and the related special-purpose statements of changes in net assets available for the payment of claims and cash flows for the years then ended in accordance with the special-purpose basis of accounting the Trust uses, as described in Note 1.

***Basis of Accounting***

We draw attention to Note 1 of the special-purpose financial statements, which describes the basis of accounting. As described in Note 1 to the special-purpose financial statements, the special-purpose financial statements were prepared on the basis using special-purpose accounting methods adopted by the Trustee, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

***Emphasis of Matter***

As discussed in Note 7 of the Trust's special-purpose financial statements, the Trust may be materially impacted by the outbreak of a novel coronavirus ("COVID-19"), which was declared a global pandemic by the World Health Organization in March 2020. Our conclusion is not modified with respect to this matter.

***Restriction of Use***

Our report is intended solely for the information and use of the Trust and is not intended to be used and should not be used by anyone other than this specified party. This restriction is not intended to limit the distribution of this report which, upon filing with the United States Bankruptcy Court for the Southern District of New York, is a matter of public record.

BDO USA, LLP

April 29, 2020

## **Special-Purpose Financial Statements**

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**Tronox Incorporated Tort Claims Trust**

**Special-Purpose Statements of Assets, Liabilities, and Net Assets  
Available for the Payment of Claims**

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<i>December 31,</i>	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 73,114,253	\$ 39,286,451
Investments	-	39,119,136
Interest receivable	-	212,566
<b>Total Current Assets</b>	<b>73,114,253</b>	<b>78,618,153</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable	30,593	187,531
Accrued claimant disbursements	92,153	248,433
<b>Total Current Liabilities</b>	<b>122,746</b>	<b>435,964</b>
<b>Net Assets Available for the Payment of Claims</b>	<b>\$ 72,991,507</b>	<b>\$ 78,182,189</b>

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*See accompanying independent auditor's report and notes  
to the special-purpose financial statements.*

**Tronox Incorporated Tort Claims Trust**

**Special-Purpose Statements of Changes in Net Assets  
 Available for the Payment of Claims**

<i>Years ended December 31,</i>	<b>2019</b>	<b>2018</b>
<b>Additions</b>		
Interest and dividends	\$ 1,282,260	\$ 1,214,496
Realized gains on investment securities	43,687	12,058
Unrealized gains on investment securities	49,140	95,613
<b>Total Additions</b>	<b>1,375,087</b>	<b>1,322,167</b>
<b>Deductions</b>		
Claimant disbursements	5,878,732	705,567
Trust management and processing fees	176,682	2,771,826
Administrative costs	110,550	215,410
Trust legal fees	4,811	177,142
Trust insurance premium	356,498	227,200
Trust Advisory Committee fees	38,496	49,192
Accounting fees	-	50,005
<b>Total Deductions</b>	<b>6,565,769</b>	<b>4,196,342</b>
Changes in net assets available for the payment of claims	<b>(5,190,682)</b>	<b>(2,874,175)</b>
Net assets available for the payment of claims		
<b>Beginning of year</b>	<b>78,182,189</b>	<b>81,056,364</b>
<b>End of year</b>	<b>\$ 72,991,507</b>	<b>\$ 78,182,189</b>

*See accompanying independent auditor's report and notes  
to the special-purpose financial statements.*

**Tronox Incorporated Tort Claims Trust**

**Special-Purpose Statements of Cash Flows**

<i>Years ended December 31,</i>	<b>2019</b>	<b>2018</b>
<b>Investing Activities</b>		
Maturities of investment securities	33,400,000	84,075,000
Purchases of investment securities	(13,669,259)	(88,639,555)
Proceeds from sale of investment securities	19,481,222	-
<b>Net cash (used in) provided by investing activities</b>	<b>39,211,963</b>	<b>(4,564,555)</b>
<b>Operating Activities</b>		
Changes in net assets available for the payment of claims	\$ (5,190,682)	\$ (2,874,175)
Adjustments to reconcile changes in net assets available for the payment of claims to net cash used in operating activities:		
Unrealized gains on investment securities	(49,140)	(95,613)
Realized gains on investment securities	(43,687)	(12,058)
Changes in operating assets and liabilities:		
Interest receivable	212,566	223,405
Accounts payable	(156,938)	71,202
Accrued claimant disbursements	(156,280)	248,433
<b>Net cash used in operating activities</b>	<b>(5,384,161)</b>	<b>(2,438,806)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>33,827,802</b>	<b>(7,003,361)</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>39,286,451</b>	<b>46,289,812</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 73,114,253</b>	<b>\$ 39,286,451</b>

*See accompanying independent auditor's report and notes to the special-purpose financial statements.*

## Tronox Incorporated Tort Claims Trust

### Notes to the Special-Purpose Financial Statements

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#### 1. Summary of Significant Accounting Policies

##### *Organization and Purpose*

Tronox Incorporated Tort Claims Trust (the “Trust”) was established for the sole purpose of assuming the liabilities of the Tronox, Inc. debtors, their predecessors, and successors in interest, for all Tort Claims, and to use the Tort Claims Trust Distributable Amount to pay Holders of Allowed Tort Claims in accordance with the First Amended Joint Plan of Reorganization of Tronox Incorporated et al. pursuant to Chapter 11 of the Bankruptcy Code (the “Plan”), the Tort Claims Trust Agreement (the “Agreement”), and the Tort Claims Trust Distribution Procedures (the “TDPs”), and in a manner that is fair, reasonable, and equitable in light of the limited assets available to satisfy the Tort Claims. The Trust does not conduct any trade or business.

##### *Basis of Presentation*

The Trust’s special-purpose financial statements are prepared using special-purpose accounting methods adopted by The Garretson Resolution Group, Inc., d/b/a Epiq Mass Tort (the “Trustee”), which differ from accounting principles generally accepted in the United States of America (“GAAP”). The special-purpose accounting methods were adopted in order to communicate to the beneficiaries of the Trust the net assets available for the payment of claims and the related operating expenses of the Trust. Since the accompanying special-purpose financial statements and transactions are not based upon GAAP, accounting treatment by other parties for these same transactions may differ as to timing and amount. The special-purpose accounting methods include the following:

- Assets are recorded when they are received by the Trust and are available for the payment of claims.
- Future fixed liabilities under contractual obligations and other agreements entered into by the Trust are recorded as deductions in the same period that such contractual obligations or agreements are signed. Under GAAP, liabilities and contractual obligations are recorded over the period that is benefited by the underlying contract or agreement.
- Claims are expensed in the period in which the confirmed claim amount is settled. The settled claim amount is a claim amount that has been allowed by the Trust and accepted by the claimant, with an approved release and approved payment. Under GAAP, a liability would be recorded for an estimate of the amount to be paid for claims that have been incurred but not yet reported, and for those claims that have been submitted but not yet approved for payment by the Trust.
- Payments for services to be received over an extended period in the future are expensed as paid because these amounts are no longer available for the payment of claims. Under GAAP, an asset would be recorded and amortized over the period in which the related benefits are received.
- Tort Claims Insurance Assets are not recorded until the funds are received from the insurance carriers. These recoveries come from various insurance settlements, which were obtained by the Trust and related entities and assigned to the Trust. The insurance policies cover, among other things, products and general liability claims. Under GAAP, Tort Claims Insurance Assets are recorded upon settlement and assurance of collectability.

## Tronox Incorporated Tort Claims Trust

### Notes to the Special-Purpose Financial Statements

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#### *Funds*

In accordance with the Agreement, the Trustee created four separate funds as described in the Plan. The funds were created as follows:

Fund A is a fund established for the payment of Allowed Asbestos Claims, Allowed Future Tort Claims, and any Allowed Unaccounted-for Tort Claims, and shall consist of a separate sub-account within the Trust, as defined in the Agreement.

Fund B is a fund established for the payment of Allowed Indirect Environmental Claims, and shall consist of a separate sub-account within the Trust, as defined in the Agreement.

Fund C is a fund established for the payment of Allowed Property Damage Claims, and shall consist of a separate sub-account within the Trust, as defined in the Agreement.

Fund D is a fund established for payment of the Allowed Non-Asbestos Toxic Exposure Claims, and consists of the balance of assets not otherwise allocated to Funds A, B, and C, and shall consist of a separate sub-account within the Trust, as defined in the Agreement.

The final allocations for Funds B and C will depend upon the amount of Allowed Tort Claims asserted against each Fund, as specified in the TDPs. In addition, the final allocation for Fund D may increase and will be determined by the final allocations for Funds B and C, as set forth in the TDPs.

In accordance with the Agreement, the Trust was initially required to allocate the proceeds to the four trust funds, Funds A, B, C, and D (the "Funds"). Funds A, B, and C were initially allocated 6.25% each and Fund D was initially allocated 81.25%. As of July 31, 2014, Fund B and Fund D were reallocated to result in allocations of 2.97% and 84.53%, respectively. As of August 31, 2016, Fund C and Fund D were reallocated to result in allocations of 3.125% and 87.655%, respectively (see Fund Reallocation note below).

The Trust also maintains two additional funds, the General Administrative Expenses and Reserves Fund and Excess Anadarko Fund, for the purpose described below:

The General Administrative Expenses and Reserves Fund is a fund established for payment of the allowed general and administrative expenses associated with the Trust operations, and shall consist of a separate sub-account within the Trust.

In accordance with Section 1.5(e) of the TDPs, the Excess Anadarko Fund consists of five percent of the net proceeds of the Anadarko Litigation payable to the Trust pursuant to the Anadarko Litigation Trust Agreement in excess of \$120 million.

Funding income and investment-specific income are allocated first to the Excess Anadarko Fund and General Administrative Expenses and Reserves Fund, then the remainder pro rata across the Funds. Funding income and investment-specific income and expenses related to a particular fund are allocated solely to that fund.

The use of these funds, described above, is specified by the Agreement and a complete description of the funds must be derived from the Agreement.

## **Tronox Incorporated Tort Claims Trust**

### **Notes to the Special-Purpose Financial Statements**

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This description of the Trust is not intended to be a legal interpretation of the benefits available to Holders of Allowed Tort Claims, nor is it a legal description of the obligations of any parties to the Plan. A complete description of the rights and benefits of any parties must be derived from the Plan and the Agreement.

#### ***Fund Reallocation***

As determined by the aggregate amount of Allowed Property Damage Claim, effective August 31, 2016, Fund C was allocated 3.125%. As specified by the Agreement, the portion previously allocated to Fund C in excess of 3.125% was allocated to Fund D resulting in an allocation of 87.655%.

#### ***Cash and Cash Equivalents***

The Trust considers highly liquid investments, such as certificates of deposit, money market funds, and United States treasury bills and notes as cash equivalents.

#### ***Investments***

The Trust holds investment securities in accounts at financial institutions. These investment securities are recorded at fair value, as determined by quoted market prices (see Note 5). Changes in the fair value of investment securities are included as unrealized gains and losses on investment securities and realized gains and losses on investment securities (when sold) in the accompanying special-purpose statements of changes in net assets available for the payment of claims.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

#### ***Interest Receivable***

Interest receivable is reported at net realizable value, and consists of interest to be received on investments.

#### ***Accrued Claimant Disbursements***

Accrued claimant disbursements consist of claims settled before year end, but paid after year end.

#### ***Accounts Payable***

Accounts payable consist of accruals and outstanding invoices associated with managing the Trust. At December 31, 2019 and 2018, payables consist of certain trust management and processing fees, including related party payables (Note 3), incurred by the Trust during the year and paid after year end.

#### ***Funding Income***

Funding income is recognized as additions to net assets available for the payment of claims when received by the Trust.



## **Tronox Incorporated Tort Claims Trust**

### **Notes to the Special-Purpose Financial Statements**

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#### ***Operating Expenses***

Operating expenses of the Trust are recognized when incurred (see Basis of Presentation note above for treatment of future fixed liabilities and services to be received over extended period of time).

#### ***Claimant Disbursements***

Claimant disbursements include Medicare holdbacks, Medicaid holdbacks, attorney fees, case expenses, and net awards to Holders of Allowed Tort Claims. Claimant disbursements are recognized when confirmed claims are settled. For the years ending December 31, 2019 and 2018, \$5,878,732 and \$705,567 in claims were settled, respectively, and were included in the special-purpose statements of changes in net assets available for the payment of claims.

#### ***Concentrations of Credit Risk***

Financial instruments that potentially subject the Trust to concentrations of credit risk consist principally of cash equivalents. The Trust places its cash equivalents in certificates of deposit, money market funds, and accounts which are in excess of federally insured limits or are not federally insured.

#### ***Tax Status***

An election has been made for the Trust to be taxed as a Grantor Trust. In lieu of paying taxes at the trust level, Tronox, Inc. is taxed on the Trust's taxable income. As such, no provision or liability for federal or state income taxes has been recorded.

Uncertain tax positions are recognized in the special-purpose financial statements when it is more-likely-than-not the position will be sustained upon examination by the tax authorities. As of December 31, 2019 and 2018, the Trust had no uncertain tax positions that qualify for either recognition or disclosure in the special-purpose financial statements. Additionally, the Trust had no interest and penalties related to income taxes.

#### ***Use of Estimates***

The preparation of the special-purpose financial statements in conformity with the special-purpose accounting methods adopted by the Trustee, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the special-purpose financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### ***Events Occurring After the Reporting Date***

The Trust has evaluated events and transactions that occurred between December 31, 2018 and April 29, 2020, which is the date that the special-purpose financial statements were initially available to be issued, for possible recognition or disclosure in the special-purpose financial statements (see Note 7).

## Tronox Incorporated Tort Claims Trust

### Notes to the Special-Purpose Financial Statements

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#### 2. Settlement Funds

In accordance with the Plan, the assets transferred or to be transferred to or received by the Trust consist of the Funded Tort Claims Trust Amount of \$12,500,000, which Tronox Worldwide, LLC contributed upon the establishment of the Trust; the Trust's share (not less than twelve percent (12.00%)) of the proceeds of the Anadarko Litigation (which was a related lawsuit that was settled in 2012 and finalized in 2015) pursuant to the Anadarko Litigation Trust Agreement, together with any other amounts provided therein; and the Tort Claims Insurance Assets, as defined by the Agreement. In accordance with the Trust's accounting policies, such Tort Claims Insurance Assets or claims against Tort Claims Insurance Assets (or sales thereof) are recorded as an addition to net assets available for the payment of claims when the funds are received from the insurance companies.

No funding income was received by the Trust during the years ended December 31, 2019 and 2018.

#### 3. Related Party Transactions

The Trustee is affiliated with the Trust as the Tort Claims Trustee and performed certain transactions with the Trust during 2019 and 2018. For the years ended December 31, 2019 and 2018, the Trust recorded no related party accounts receivable and recorded related party accounts payable of \$0 and \$48,357, respectively. These related party payables are included in accounts payable in the special-purpose statements of assets, liabilities, and net assets available for the payment of claims. For the years ended December 31, 2019 and 2018, the total amount of fees paid to the Trustee was \$71,442 and \$2,754,986, respectively, which were included as trust management and processing fees and administrative costs in the accompanying special-purpose statements of changes in net assets available for the payment of claims.

#### 4. Liability for Claims

The ultimate number of claims to be filed and the liability for all such claims are uncertain at this time. The net assets available for the payment of claims at December 31, 2019 and 2018 represent funding available for all claims for which no fixed liability has yet been established. The net assets available for the payment of claims at December 31, 2019 and 2018 may or may not be sufficient to meet all future obligations of the Trust.

#### 5. Fair Value Measurements

The following disclosures enable the reader of the financial statements to assess the inputs used to develop fair value measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets and liabilities are carried at fair value and are classified and disclosed in one of the following three categories:

- Level 1 - Quoted prices for identical assets or liabilities in active markets at the measurement date. An active market for the asset or liability is a market in which transactions for the asset

**Tronox Incorporated Tort Claims Trust**

**Notes to the Special-Purpose Financial Statements**

or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. The valuation under this approach does not entail a significant degree of judgment.

- Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. The valuation technique for the Company’s Level 2 assets is based on quoted market prices for similar assets from observable pricing sources at the reporting date.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Unobservable inputs shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

The Trust did not maintain any financial assets measured at fair value on a recurring basis at December 31, 2019. The Trust’s financial assets as of December 31, 2018 included investment securities. The fair value of the Trust’s investment securities were determined based on quoted prices in active markets.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Trust believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Fair values of assets measured on a recurring basis at December 31, 2018 are as follows:

	<b>Fair Value Measurements at Reporting Date Using</b>			
	<b>Fair Value</b>	<b>(Level 1)</b>	<b>(Level 2)</b>	<b>(Level 3)</b>
Investment securities:				
Corporate fixed income bonds	\$ 18,670,951	\$ 18,670,951	\$ -	\$ -
Government bonds	20,448,185	20,448,185	-	-
<b>Total investment securities</b>	<b>\$ 39,119,136</b>	<b>\$ 39,119,136</b>	<b>\$ -</b>	<b>\$ -</b>

**6. Trust Liability Insurance**

The Trust purchased liability insurance for a premium of \$356,498 and \$227,200 in 2019 and 2018, respectively. The current policy term is August 2019 to September 2020. The previous policy term was February 2018 to February 2019 and extended to July 2019, accounting for an additional six months of total premium costs in 2019. The Trust’s accounting policy is to expense in the current period any amounts that will not be available to pay future claims or expenses of the Trust.

## Tronox Incorporated Tort Claims Trust

### Notes to the Special-Purpose Financial Statements

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Accordingly, these amounts were recorded as a deduction in net assets available for payment of claims during the years ended 2019 and 2018, respectively.

#### 7. Subsequent Events

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Trust’s assets, liabilities, and future net assets available for payment of claims. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Trust is not able to estimate the effects of the COVID-19 outbreak on its net assets available for payment of claims for fiscal year 2020.

On March 27, 2020, President Trump signed into law the “Coronavirus Aid, Relief, and Economic Security (CARES) Act.” The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property.

It also appropriated funds for the SBA Paycheck Protection Program loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19.

The Trust continues to monitor the impacts of the CARES Act, however does not believe it will have a material impact on its net assets available for payment of claims for fiscal year 2020.

## Supplementary Information

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## Independent Auditor's Report on Supplementary Information

To the Trustee  
Tronox Incorporated Tort Claims Trust  
Cincinnati, Ohio

Our audits of the special-purpose financial statements included in the preceding section of this report were conducted for the purpose of forming an opinion on those statements as a whole. The supplementary information presented in the following section of this report is presented for purposes of additional analysis and is not a required part of the special-purpose financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the special-purpose financial statements. The information has been subjected to the auditing procedures applied in the audits of the special-purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special-purpose financial statements or to the special-purpose financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the special-purpose financial statements as a whole.

BDO USA, LLP

April 29, 2020

**Tronox Incorporated Tort Claims Trust**  
**Special-Purpose Schedules of Changes in Net Assets**  
**Available for the Payment of Claims by Fund**

Year ended December 31, 2019	Trust Fund A	Trust Fund B	Trust Fund C	Trust Fund D	General Administrative Expenses and Reserves	Excess Anadarko	Total
<b>Additions</b>							
Interest and dividends	\$ 369,438	\$ 40,184	\$ 51,161	\$ 674,454	\$ 30,660	\$ 116,363	\$ 1,282,260
Realized gains on investment securities	2,583	1,227	1,291	36,229	654	1,703	43,687
Unrealized gains on investment securities	2,906	1,380	1,452	40,750	736	1,916	49,140
<b>Total Additions</b>	<b>374,927</b>	<b>42,791</b>	<b>53,904</b>	<b>751,433</b>	<b>32,050</b>	<b>119,982</b>	<b>1,375,087</b>
<b>Deductions</b>							
Claimant disbursements				5,878,732			5,878,732
Trust management and processing fees	34,329			737	141,616		176,682
Administrative costs					110,550		110,550
Trust legal fees	4,343				468		4,811
Trust insurance premium					356,498		356,498
Trust Advisory Committee fees					38,496		38,496
Accounting Fees							-
<b>Total Deductions</b>	<b>38,672</b>	<b>-</b>	<b>-</b>	<b>5,879,469</b>	<b>647,628</b>	<b>-</b>	<b>6,565,769</b>
Increase or (Decrease) in net assets available for the payment of claims	336,255	42,791	53,904	(5,128,036)	(615,578)	119,982	(5,190,682)
Net assets available for the payment of claims	20,369,003	268,130	4,419,392	25,388,342	3,757,392	23,979,930	78,182,189
<b>Beginning of Year</b>	<b>\$ 20,705,258</b>	<b>\$ 310,921</b>	<b>\$ 4,473,296</b>	<b>\$ 20,260,306</b>	<b>\$ 3,141,814</b>	<b>\$ 24,099,912</b>	<b>\$ 72,991,507</b>
<b>End of Year</b>							

See accompanying independent auditor's report and notes to the supplementary information.

## Tronox Incorporated Tort Claims Trust

### Notes to the Supplementary Information

Year ended December 31, 2018	Trust Fund A	Trust Fund B	Trust Fund C	Trust Fund D	General Administrative Expenses and Reserves	Excess Anadarko	Total
<b>Additions</b>							
Interest and dividends	\$ 302,356	\$ 40,516	\$ 38,762	\$ 774,284	\$ 23,231	\$ 35,347	\$ 1,214,496
Realized gains on investment securities	330	157	6,555	4,714	85	217	12,058
Unrealized gains on investment securities	5,663	2,685	2,827	79,289	1,431	3,718	95,613
<b>Total Additions</b>	<b>308,349</b>	<b>43,358</b>	<b>48,144</b>	<b>858,287</b>	<b>24,747</b>	<b>39,282</b>	<b>1,322,167</b>
<b>Deductions</b>							
Claimant disbursements	-	-	-	705,567	-	-	705,567
Trust management and processing fees	2,002,076	-	-	208	769,542	-	2,771,826
Administrative costs	15,625	-	-	77	199,708	-	215,410
Trust legal fees	168,216	-	-	197	8,729	-	177,142
Trust insurance premium	-	-	-	-	227,200	-	227,200
Trust Advisory Committee fees	-	-	-	-	49,192	-	49,192
Accounting Fees	-	-	-	-	50,005	-	50,005
<b>Total Deductions</b>	<b>2,185,917</b>	<b>-</b>	<b>-</b>	<b>706,049</b>	<b>1,304,376</b>	<b>-</b>	<b>4,196,342</b>
Increase or (Decrease) in net assets available for the payment of claims	(1,877,568)	43,358	48,144	152,238	(1,279,629)	39,282	(2,874,175)
Net assets available for the payment of claims	22,246,571	224,772	4,371,248	25,236,104	5,037,021	23,940,648	81,056,364
<b>Beginning of Year</b>	<b>\$ 20,369,003</b>	<b>\$ 268,130</b>	<b>\$ 4,419,392</b>	<b>\$ 25,388,342</b>	<b>\$ 3,757,392</b>	<b>\$ 23,979,930</b>	<b>\$ 78,182,189</b>

See accompanying independent auditor's report and notes to the supplementary information.



# Exhibit B

Claims Summary through 12/31/2019 - Exhibit B

<u>Claim Type</u>	<u>Total Number of Claims Through 12/31/2019</u>	<u>Total Number of Claims with Determinations Made Through 12/31/2019</u>	<u>Claims Determined in 2019</u>	<u>Claims Paid in 2019</u>	<u>Total Number of Allowed Claims Paid Through 12/31/2019</u>	<u>Percentage of Allowed Claims Paid Overall</u>	<u>Total Amount Distributed</u>
Category A Asbestos:	880	880			0	0%	\$ -
Category A Future Tort Claims:	38641	19336	0		0	0%	\$ -
Category B:	23	23			17	73.91%	\$ 17,463,946.17
Category C:	6	6			6	100%	\$ 18,157,598.76
Category D:	6771	6771		\$5,963,212.41	6666	98.44%	\$ 492,103,682.83

Claims Summary for Supplemental Payments to Category D through 12/31/2019 - Exhibit B

<u>Claim Status</u>	<u>Total Number of Claims Through 12/31/2019</u>	<u>Claims Paid in 2019</u>
Paid	6,666	\$5,963,212.41
Unpaid - Release issues	68	
Unpaid - Estate Complications	6	
Unpaid - Lien Complications	16	
Unpaid - Pending Processing	2	
Claims under review	13	
Category D Total:	6,771	

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Counsel for Garretson Resolution Group

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

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

**CERTIFICATE OF SERVICE**

Bethany P. Recht, under penalty of perjury, hereby certifies the following:

1. I am an attorney with the law firm of Keating Muething & Klekamp PLL, counsel to the Tort Claims Trustee of the Tronox Incorporated Tort Claims Trust.

2. On April 30, 2020, pursuant to Section 3.7(b)(i) of the Tronox Incorporated Tort Claims Trust Agreement, I caused to be served the Annual Report of the Tronox Incorporated Tort Claims Trust and the Notice of Filing Annual Report and Account of the Tronox Incorporated Tort Claims Trust for the Year Ending December 31, 2019 [Doc. No. 9461] via First Class U.S. Mail on the parties identified on the attached Service List.

I certify, under penalty of perjury, that the statements made herein are true and correct.

/s/ Bethany P. Recht  
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