



Michael J. Foster  
Vice President, General Counsel  
& Secretary

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May 20, 2010

Dr. Robert M. Gates  
Secretary of Defense  
1000 Defense Pentagon  
Washington, DC 20301-1000

Ms. Ignacia S. Moreno  
Assistant Attorney General, Environment and Natural Resources Division  
U.S. Department of Justice  
950 Pennsylvania Avenue, NW  
Washington, D.C. 20530-0001

Mr. John Cruden  
Deputy Assistant Attorney General  
Environment and Natural Resources Division  
U.S. Department of Justice  
601 D Street, N.W., 2nd Floor  
Washington, D.C. 20004

Mr. Patrice Simms  
Deputy Assistant Attorney General  
Environment and Natural Resources Division  
U.S. Department of Justice  
601 D Street, N.W., 2nd Floor  
Washington, D.C. 20004

RE: Henderson, Nevada /Environmental Response Costs

Dear Dr. Gates, Ms. Moreno, Messrs. Cruden and Simms,

Tronox Incorporated (Tronox) is providing notice to the United States regarding environmental contamination at the Black Mountain Industrial ("BMI") Complex in Henderson, Nevada, for which the Department of Defense appears to have direct and unequivocal responsibility based on recently obtained information and analyses. This issue arises from the discovery and analysis of certain contaminants, including dioxins and furans, in soil at the Henderson

facility, which is located within the BMI Complex. High concentrations of dioxins and furans have been identified and are not associated with either current or past production processes operated by Tronox. Through recent fingerprinting and other analysis conducted on new soil samples, it is now clear that the dioxins and furans originated from magnesium metal production activities conducted at a plant located on the site in the 1940's, years before Tronox or its predecessors had any involvement at the site.

The magnesium metals plant was constructed in 1941 by the Defense Plant Corporation (DPC), acting on behalf of the U.S. government. The DPC operated the magnesium metals plant from 1942 to 1944 to provide magnesium metal which was used for building World War II aircraft, incendiaries, and other war related materials. After the war, the plant was shut down and custody was transferred from the DPC to the Reconstruction Finance Corporation.

The magnesium metals plant produced magnesium chloride, which was then electrolyzed to magnesium metal. The chlorination process for producing magnesium chloride operated at conditions now known to form dioxins and furans. Wastes from that process were disposed of in large infiltration/evaporation ponds, frequently referred to as "trade effluent ponds", located on the BMI Complex. These trade effluent ponds are mainly located on land presently owned by Tronox and these ponds are where high dioxin concentrations have now been discovered.

In 2008-2009, at the direction of the Nevada Department of Environmental Protection ("NDEP"), Tronox conducted a site-wide "Source Area Investigation" as a part of an Environmental Contaminates Assessment (ECA). The investigation covered a large suite of "site related chemicals" including dioxins and furans. Dioxins were found in 228 out of 231 soil samples collected. Based upon the sampling results, roughly 450,000 cubic yards of soil on the Tronox site are currently estimated to be adversely impacted by dioxins.

In December 2009, the NDEP issued an Order to Tronox requiring the removal of all contaminated soil from the site including impacted soils identified by the ECA. In 2010, Tronox commenced initial soil removal on perimeter portions of the site; this removal involved soil contaminated mainly by asbestos. Excavation of the 450,000+ cubic yards of known dioxin contaminated soils is to begin in July 2010. Response costs for soil sampling, excavation and disposal of the dioxin contaminated soil will likely exceed \$30 million. Given the recent analysis and fingerprinting results that reveal the role of the Department of Defense in causing this contamination, Tronox would now like to initiate immediate discussions with the United States and all responsible agencies regarding an appropriate role for the United States in the conduct of ongoing remediation of dioxins and furans at this site.

Tronox would appreciate a prompt response advising how best to proceed in involving the United States in these ongoing response activities.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael J. Foster". The signature is written in a cursive style with a large initial "M" and a long, sweeping tail.

Michael J. Foster

C: Robert Yalen, Esq., U.S. Department of Justice  
Tomoko Onozawa, Esq., U.S. Department of Justice  
Katherine Kane, U.S. Department of Justice  
Carolyn "Lina" E. Tanner, Deputy Attorney General, State of Nevada  
Leo Drozdoff, P.E., NDEP  
Tom Porta, NDEP  
Jim Najima, P.E., NDEP  
Steve Armann, U.S. Environmental Protection Agency, Region 9  
Ann Pongracz, Esq. Nevada Attorney General's Office, CRC  
Chuck Hauser, Esq. Southern Nevada Water Authority  
Patrick J. Nash, Jr., Kirkland & Ellis  
Jeanne Cohn-Connor, Kirkland & Ellis