

TENNECO INC. AND CONSOLIDATED SUBSIDIARIES
STATEMENTS OF INCOME

Unaudited

THREE MONTHS ENDED MARCH 31,

(Millions except per share amounts)

	<u>2013</u>	<u>2012</u>
Net sales and operating revenues		
Clean Air Division - Value-add revenues	\$ 842	\$ 829
Clean Air Division - Substrate sales	454	456
Ride Performance Division - Value-add revenues	<u>607</u>	<u>627</u>
	<u>\$ 1,903</u>	<u>\$ 1,912</u>
Costs and expenses		
Cost of sales (exclusive of depreciation and amortization shown below)	1,604 (a)	1,607 (c)
Engineering, research and development	35	38
Selling, general and administrative	119 (a)	118
Depreciation and amortization of other intangibles	<u>50</u>	<u>49</u>
Total costs and expenses	<u>1,808</u>	<u>1,812</u>
Loss on sale of receivables	(1)	(1)
Other income (expense)	<u>(1)</u>	<u>(3)</u>
Total other income (expense)	<u>(2)</u>	<u>(4)</u>
Earnings before interest expense, income taxes, and noncontrolling interests		
Clean Air Division	75 (a)	76
Ride Performance Division	39 (a)	43 (c)
Other	<u>(21)</u>	<u>(23)</u>
	93	96
Interest expense (net of interest capitalized)	<u>20</u>	<u>42</u> (d)
Earnings before income taxes and noncontrolling interests	73	54
Income tax expense	<u>12</u> (b)	<u>18</u> (e)
Net income	61	36
Less: Net income attributable to noncontrolling interests	<u>7</u>	<u>6</u>
Net income attributable to Tenneco Inc.	<u>\$ 54</u>	<u>\$ 30</u>
Weighted average common shares outstanding:		
Basic	<u>60.3</u>	<u>60.2</u>
Diluted	<u>61.5</u>	<u>61.7</u>
Earnings per share of common stock:		
Basic	<u>\$ 0.90</u>	<u>\$ 0.50</u>
Diluted	<u>\$ 0.88</u>	<u>\$ 0.49</u>

(a) Includes restructuring and related charges of \$4 million pre-tax, \$3 million after tax or \$0.04 per diluted share. Of the adjustment, \$3 million is recorded in cost of sales and \$1 million is recorded in selling, general and administrative expenses. \$3 million is recorded in the Clean Air Division and \$1 million is recorded in the Ride Performance Division.

(b) Includes net tax benefits of \$13 million or \$0.20 per diluted share for tax adjustments to prior year estimates, primarily related to recognizing a U.S. tax benefit for foreign taxes.

(c) Includes restructuring and related charges of \$1 million pre-tax, \$1 million after tax or \$0.01 per diluted share, which is recorded in cost of sales in Europe, South America and India's Ride Performance Division.

(d) Includes pre-tax expenses of \$17 million, \$11 million after tax or \$0.18 per diluted share for costs related to refinancing activities.

(e) Includes net tax benefits of \$1 million or \$0.02 per diluted share primarily related to U.S. taxable income with no associated tax expense due to the company's net operating loss position and income generated in lower tax rate jurisdictions, partially offset by the impact of recording a valuation allowance against the tax benefit for losses in certain foreign jurisdictions.