

TENNECO INC. AND CONSOLIDATED SUBSIDIARIES
STATEMENTS OF INCOME
Unaudited
THREE MONTHS ENDED MARCH 31,
(Millions except per share amounts)

	<u>2011</u>	<u>2010</u>
Net sales and operating revenues	<u>\$ 1,760</u>	<u>\$ 1,316</u>
Costs and expenses		
Cost of sales (exclusive of depreciation shown below)	1,466 (a)	1,073 (d)
Engineering, research and development	35	27
Selling, general and administrative	109	100
Depreciation and amortization of other intangibles	<u>51</u>	<u>55</u> (d)
Total costs and expenses	<u>1,661</u>	<u>1,255</u>
Loss on sale of receivables	(1)	(1)
Other income (expense)	<u>(4)</u>	<u>(1)</u>
Total other income (expense)	<u>(5)</u>	<u>(2)</u>
Earnings before interest expense, income taxes, and noncontrolling ownership interests		
North America	62	36 (d)
Europe, South America & India	24 (a)	12 (d)
Asia Pacific	<u>8</u>	<u>11</u>
	94	59
Less:		
Interest expense (net of interest capitalized)	28 (b)	32
Income tax expense	<u>14</u> (c)	<u>15</u> (e)
Net income	52	12
Less: Net income attributable to noncontrolling interests	<u>5</u>	<u>5</u>
Net income attributable to Tenneco Inc.	<u>\$ 47</u>	<u>\$ 7</u>
Average common shares outstanding:		
Basic	<u>59.8</u>	<u>58.9</u>
Diluted	<u>62.1</u>	<u>60.8</u>
Earnings per share of common stock:		
Basic	<u>\$ 0.78</u>	<u>\$ 0.11</u>
Diluted	<u>\$ 0.75</u>	<u>\$ 0.11</u>

(a) 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.

(b) Includes pre-tax expenses of \$1 million, \$1 million after tax or \$0.01 per share for costs related to refinancing activities.

(c) Includes net tax benefits of \$10 million or \$0.14 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.

(d) Includes restructuring and related charges of \$5 million pre-tax, \$3 million after tax or \$0.06 per diluted share. Of the adjustment \$4 million is recorded in cost of sales and \$1 million is recorded in depreciation. Geographically, \$4 million is recorded in North America and \$1 million in Europe, South America and India.

(e) Includes a non-cash tax charge of \$5 million or \$0.08 per diluted share primarily related to the impact of not benefiting U.S. and foreign tax losses.