

TENNECO INC.
RECONCILIATION OF NON-GAAP MEASURES
Debt net of cash / Adjusted LTM EBITDA including noncontrolling interests
Unaudited
(Millions except ratios)

	Quarter Ended March 31,	
	2012	2011
Total debt	\$ 1,358	\$ 1,331
Cash and cash equivalents	193	199
Debt net of cash balances ⁽¹⁾	\$ 1,165	\$ 1,132
Adjusted LTM EBITDA including noncontrolling interests ^{(2) (3)}	\$ 605	\$ 545
Ratio of debt net of cash balances to adjusted LTM EBITDA including noncontrolling interests ⁽⁴⁾	1.9x	2.1x

	Q2 11	Q3 11	Q4 11	Q1 12	Q1 12 LTM
Net income attributable to Tenneco Inc.	\$ 50	\$ 30	\$ 30	\$ 30	\$ 140
Net income attributable to noncontrolling interests	7	6	8	6	27
Income tax expense	30	21	23	18	92
Interest expense (net of interest capitalized)	26	27	27	42	122
EBIT, Earnings before interest expense, income taxes and noncontrolling interests (GAAP measure)	113	84	88	96	381
Depreciation and amortization of other intangibles	54	51	51	49	205
Total EBITDA including noncontrolling interests ⁽²⁾	167	135	139	145	586
Restructuring and related expenses	2	4	1	1	8
Goodwill impairment charge ⁽⁵⁾	-	11	-	-	11
Total Adjusted EBITDA including noncontrolling interest ⁽³⁾	<u>\$ 169</u>	<u>\$ 150</u>	<u>\$ 140</u>	<u>\$ 146</u>	<u>\$ 605</u>

	Q2 10	Q3 10	Q4 10	Q1 11	Q1 11 LTM
Net income (loss) attributable to Tenneco Inc.	\$ 40	\$ 10	\$ (18)	\$ 47	\$ 79
Net income attributable to noncontrolling interests	6	6	7	5	24
Income tax expense	15	15	24	14	68
Interest expense (net of interest capitalized)	32	36	49	28	145
EBIT, Earnings before interest expense, income taxes and noncontrolling interests (GAAP measure)	93	67	62	94	316
Depreciation and amortization of other intangibles	53	55	53	51	212
Total EBITDA including noncontrolling interests ⁽²⁾	146	122	115	145	528
Restructuring and related expenses	3	3	4	1	11
Pension charges ⁽⁶⁾	-	4	2	-	6
Total Adjusted EBITDA including noncontrolling interest ⁽³⁾	<u>\$ 149</u>	<u>\$ 129</u>	<u>\$ 121</u>	<u>\$ 146</u>	<u>\$ 545</u>

⁽¹⁾ Tenneco presents debt net of cash balances because management believes it is a useful measure of Tenneco's credit position and progress toward reducing leverage. The calculation is limited in that the company may not always be able to use cash to repay debt on a dollar-for-dollar basis.

⁽²⁾ EBITDA including noncontrolling interests represents income before interest expense, income taxes, noncontrolling interests and depreciation and amortization. EBITDA including noncontrolling interests is not a calculation based upon generally accepted accounting principles. The amounts included in the EBITDA including noncontrolling interests calculation, however, are derived from amounts included in the historical statements of income data. In addition, EBITDA including noncontrolling interests should not be considered as an alternative to net income (loss) attributable to Tenneco Inc. or operating income as an indicator of the company's operating performance, or as an alternative to operating cash flows as a measure of liquidity. Tenneco has presented EBITDA including noncontrolling interests because it regularly reviews EBITDA including noncontrolling interests as a measure of the company's performance. In addition, Tenneco believes its investors utilize and analyze our EBITDA including noncontrolling interests for similar purposes. Tenneco also believes EBITDA including noncontrolling interests assists investors in comparing a company's performance on a consistent basis without regard to depreciation and amortization, which can vary significantly upon many factors. However, the EBITDA including noncontrolling interests measure presented may not always be comparable to similarly titled measures reported by other companies due to differences in the components of the calculation.

⁽³⁾ Adjusted EBITDA including noncontrolling interests is presented in order to reflect the results in a manner that allows a better understanding of operational activities separate from the financial impact of decisions made for the long term benefit of the company and other items impacting comparability between the periods. Similar adjustments to EBITDA including noncontrolling interests have been recorded in earlier periods, and similar types of adjustments can reasonably be expected to be recorded in future periods. The company believes investors find the non-GAAP information helpful in understanding the ongoing performance of operations separate from items that may have a disproportionate positive or negative impact on the company's financial results in any particular period.

⁽⁴⁾ Tenneco presents the above reconciliation of the ratio of debt net of cash to annual adjusted EBITDA including noncontrolling interests to show trends that investors may find useful in understanding the company's ability to service its debt. For purposes of this calculation, annual adjusted EBITDA including noncontrolling interests is used as an indicator of the company's performance and debt net of cash is presented as an indicator of our credit position and progress toward reducing our financial leverage. This reconciliation is provided as supplemental information and not intended to replace the company's existing covenant ratios or any other financial measures that investors may find useful in describing the company's financial position. See notes (1), (2) and (3) for a description of the limitations of using debt net of cash, EBITDA including noncontrolling interests and adjusted EBITDA including noncontrolling interests.

⁽⁵⁾ Non-cash asset impairment charge related to goodwill for Australia.

⁽⁶⁾ Includes charges related to an actuarial loss for lump-sum pension payments.