

TENNECO INC. AND CONSOLIDATED SUBSIDIARIES  
STATEMENTS OF INCOME  
Unaudited  
SIX MONTHS ENDED JUNE 30,  
(Millions except per share amounts)

	<u>2011</u>	<u>2010</u>
Net sales and operating revenues	<u>\$ 3,648</u>	<u>\$ 2,818</u>
Costs and expenses		
Cost of sales (exclusive of depreciation and amortization shown below)	3,031 (a)	2,295 (d)
Engineering, research and development	70	60
Selling, general and administrative	227	198
Depreciation and amortization of other intangibles	<u>105</u>	<u>108</u> (d)
Total costs and expenses	<u>3,433</u>	<u>2,661</u>
Loss on sale of receivables	(3)	(2)
Other income (expense)	<u>(5)</u>	<u>(3)</u>
Total other income (expense)	<u>(8)</u>	<u>(5)</u>
Earnings before interest expense, income taxes, and noncontrolling interests		
North America	124 (a)	86 (d)
Europe, South America & India	61 (a)	42 (d)
Asia Pacific	<u>22</u>	<u>24</u>
	207	152
Less:		
Interest expense (net of interest capitalized)	54 (b)	64 (e)
Income tax expense	<u>44</u> (c)	<u>30</u> (f)
Net income	109	58
Less: Net income attributable to noncontrolling interests	<u>12</u>	<u>11</u>
Net income attributable to Tenneco Inc.	<u>\$ 97</u>	<u>\$ 47</u>
Weighted average common shares outstanding:		
Basic	<u>59.9</u>	<u>59.0</u>
Diluted	<u>61.9</u>	<u>60.9</u>
Earnings per share of common stock:		
Basic	<u>\$ 1.62</u>	<u>\$ 0.79</u>
Diluted	<u>\$ 1.56</u>	<u>\$ 0.77</u>

(a) Includes restructuring and related charges of \$3 million pre-tax, \$2 million after tax or \$0.03 per diluted share, which is recorded in cost of sales. Geographically, \$1 million is recorded in North America and \$2 million 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 \$11 million or \$0.16 per diluted share primarily related to U.S. taxable income with no associated tax expense due to the company's net operating loss carryforward and income generated in lower tax rate jurisdictions, partially offset by adjustments to prior years' tax estimated and the impact of recording a valuation allowance against the tax benefit for losses in certain foreign jurisdictions.

(d) Includes restructuring and related charges of \$9 million pre-tax, \$6 million after tax or \$0.09 per diluted share. Of the adjustment \$7 million is recorded in cost of sales and \$2 million is recorded in depreciation. Geographically, \$7 million is recorded in North America and \$2 million in Europe, South America and India.

(e) Includes pre-tax expenses of \$1 million, \$1 million after tax or \$0.02 per share for costs related to refinancing activities.

(f) Includes a net tax benefit of \$1 million or \$0.01 per diluted share related to income generated in lower tax rate jurisdictions as well as adjustments to tax estimates offset by the impact of not benefiting from U.S. and foreign tax losses.