

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

	<u>2012</u>	<u>2011</u>
Net sales and operating revenues	<u>\$ 3,832</u>	<u>\$ 3,648</u>
Costs and expenses		
Cost of sales (exclusive of depreciation and amortization shown below)	3,202 (a)	3,031 (d)
Engineering, research and development	66	70
Selling, general and administrative	227	227
Depreciation and amortization of other intangibles	99	105
Total costs and expenses	<u>3,594</u>	<u>3,433</u>
Loss on sale of receivables	(2)	(3)
Other income (expense)	(3)	(5)
Total other income (expense)	<u>(5)</u>	<u>(8)</u>
Earnings before interest expense, income taxes, and noncontrolling interests		
North America	157	124 (d)
Europe, South America & India	49 (a)	61 (d)
Asia Pacific	27	22
	<u>233</u>	<u>207</u>
Interest expense (net of interest capitalized)	63 (b)	54 (e)
Earnings before income taxes and noncontrolling interests	<u>170</u>	<u>153</u>
Income tax expense	39 (c)	44 (f)
Net income	<u>131</u>	<u>109</u>
Less: Net income attributable to noncontrolling interests	14	12
Net income attributable to Tenneco Inc.	<u>\$ 117</u>	<u>\$ 97</u>
Weighted average common shares outstanding:		
Basic	<u>60.1</u>	<u>59.9</u>
Diluted	<u>61.5</u>	<u>62.0</u>
Earnings per share of common stock:		
Basic	<u>\$ 1.95</u>	<u>\$ 1.62</u>
Diluted	<u>\$ 1.90</u>	<u>\$ 1.56</u>

(a) Includes restructuring and related charges of \$3 million pre-tax, \$2 million after tax or \$0.04 per diluted share, which is recorded in cost of sales in Europe, South America and India.

(b) Includes pre-tax expenses of \$18 million, \$12 million after tax or \$0.19 per share for costs related to refinancing activities.

(c) Includes net tax benefits of \$20 million or \$0.33 per diluted share primarily related to U.S. taxable income with no associated tax expense due to the valuation allowance on the company's net operating loss position and prior year tax adjustments, 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 \$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.

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

(f) 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 valuation allowance on the company's net operating loss position 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.