

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

	<u>2013</u>	<u>2012</u>
Net sales and operating revenues		
Clean Air Division - Value-add revenues	\$ 1,760	\$ 1,674
Clean Air Division - Substrate sales	942	885
Ride Performance Division - Value-add revenues	<u>1,268</u>	<u>1,273</u>
	<u>\$ 3,970</u>	<u>\$ 3,832</u>
Costs and expenses		
Cost of sales (exclusive of depreciation and amortization shown below)	3,340 (a)	3,202 (c)
Engineering, research and development	68	66
Selling, general and administrative	225 (a)	227
Depreciation and amortization of other intangibles	<u>100</u>	<u>99</u>
Total costs and expenses	<u>3,733</u>	<u>3,594</u>
Loss on sale of receivables	(2)	(2)
Other income (expense)	<u>(1)</u>	<u>(3)</u>
Total other income (expense)	<u>(3)</u>	<u>(5)</u>
Earnings before interest expense, income taxes, and noncontrolling interests		
Clean Air Division	182 (a)	171 (c)
Ride Performance Division	95 (a)	98 (c)
Other	<u>(43) (a)</u>	<u>(36)</u>
	234	233
Interest expense (net of interest capitalized)	<u>40</u>	<u>63</u> (d)
Earnings before income taxes and noncontrolling interests	194	170
Income tax expense	<u>59</u> (b)	<u>39</u> (e)
Net income	135	131
Less: Net income attributable to noncontrolling interests	<u>18</u>	<u>14</u>
Net income attributable to Tenneco Inc.	<u>\$ 117</u>	<u>\$ 117</u>
Weighted average common shares outstanding:		
Basic	<u>60.4</u>	<u>60.1</u>
Diluted	<u>61.5</u>	<u>61.5</u>
Earnings per share of common stock:		
Basic	<u>\$ 1.94</u>	<u>\$ 1.95</u>
Diluted	<u>\$ 1.91</u>	<u>\$ 1.90</u>

(a) Includes restructuring and related charges of \$11 million pre-tax, \$8 million after tax or \$0.12 per diluted share. Of the adjustment, \$7 million is recorded in cost of sales and \$4 million is recorded in selling, general and administrative expenses. \$6 million is recorded in the Clean Air Division, \$3 million is recorded in the Ride Performance Division and \$2 million is recorded in Other.

(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 \$3 million pre-tax, \$2 million after tax or \$0.04 per diluted share, which is recorded in cost of sales. \$1 million is recorded in the Clean Air Division and \$2 million is recorded in the Ride Performance Division.

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

(e) 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.