

TENNECO INC.
RECONCILIATION OF NON-GAAP MEASURES ⁽⁷⁾
Debt net of cash / Adjusted EBITDA including minority interest - 12 months

	Quarter Ended September 30				
	2008		2007		
	Q4 07	Q1 08	Q2 08	Q3 08	Q3 08 LTM
Total debt	\$ 1,524			\$ 1,536	
Cash and cash equivalents	127			203	
Debt net of cash balances ⁽¹⁾	1,397			1,333	
Adjusted EBITDA including minority interest ^{(2) (3)}	449			460	
Ratio of net debt to adjusted EBITDA including minority interest ⁽⁴⁾	3.1x			2.9x	
	Q4 07	Q1 08	Q2 08	Q3 08	Q3 08 LTM
Net income (loss)	(72)	6	13	(136)	(189)
Minority interest	2	3	2	3	10
Income tax expense	61	5	27	131	224
Interest expense (net of interest capitalized)	52	25	33	30	140
EBIT, Income before interest expense, income taxes and minority interest (GAAP measure)	43	39	75	28	185
Depreciation and amortization of other intangibles	55	55	57	56	223
Total EBITDA including minority interest ⁽²⁾	98	94	132	84	408
Restructuring and restructuring related expenses	18	4	6	6	34
New Aftermarket customer changeover costs ⁽⁵⁾	-	-	7	-	7
Total Adjusted EBITDA including minority interest ⁽³⁾	<u>116</u>	<u>98</u>	<u>145</u>	<u>90</u>	<u>449</u>
	Q4 06	Q1 07	Q2 07	Q3 07	Q3 07 LTM
Net income	15	5	41	21	82
Minority interest	2	2	2	4	10
Income tax expense (benefit)	(12)	2	20	-	10
Interest expense (net of interest capitalized)	34	40	40	32	146
EBIT, Income before interest expense, income taxes and minority interest (GAAP measure)	39	49	103	57	248
Depreciation and amortization of other intangibles	48	48	50	52	198
Total EBITDA including minority interest ⁽²⁾	87	97	153	109	446
Restructuring and restructuring related expenses	6	2	2	3	13
New Aftermarket customer changeover costs ⁽⁵⁾	-	-	-	5	5
Pension Curtailment ⁽⁶⁾	(7)	-	-	-	(7)
Reserve for receivables from former affiliate	3	-	-	-	3
Total Adjusted EBITDA including minority interest ⁽³⁾	<u>89</u>	<u>99</u>	<u>155</u>	<u>117</u>	<u>460</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 minority interest represents income before interest expense, income taxes, minority interest and depreciation and amortization. EBITDA including minority interest is not a calculation based upon generally accepted accounting principles. The amounts included in the EBITDA including minority interest calculation, however, are derived from amounts included in the historical statements of income data. In addition, EBITDA including minority interest should not be considered as an alternative to net income 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 minority interest because it regularly reviews EBITDA including minority interest as a measure of the company's performance. In addition, Tenneco believes its investors utilize and analyze our EBITDA including minority interest for similar purposes. Tenneco also believes EBITDA including minority interest assists investors in comparing a company's performance on a consistent basis without regard to depreciation and amortization, which can vary significantly depending upon many factors. However, the EBITDA including minority interest measure presented may not always be comparable to similarly titled measures reported by 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 minority interest 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 minority interest 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 minority interest 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 minority interest 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 minority interest and adjusted EBITDA including minority interest.

⁽⁵⁾ Represents costs associated with changing new aftermarket customers from their prior suppliers to an inventory of our products. Although our aftermarket business regularly incurs changeover costs, we specifically identify in the table above those changeover costs that, based on the size or number of customers involved, we believe are of an unusual nature for the quarter in which they were incurred.

⁽⁶⁾ In August 2006, we announced that we were freezing future accruals under our U.S. defined benefit pension plans for substantially all our U.S. salaried and non-union hourly employees effective December 31, 2006. In lieu of those benefits, we are offering additional benefits under defined contribution plan.

⁽⁷⁾ As disclosed in Tenneco's Form 10-K/A filed August 14, 2007, Tenneco restated its financial results for the years ended December 31, 2004, 2005 and 2006 and for the quarters ended March 31, 2006 and 2007, June 30, 2006 and September 30, 2006. The amounts presented in this table reflect the results of the restatement.