

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

	Quarter Ended September 30,				
	2011	2010			
Total debt	\$ 1,304	\$ 1,297			
Cash and cash equivalents	163	184			
Debt net of cash balances ⁽¹⁾	\$ 1,141	\$ 1,113			
Adjusted LTM EBITDA including noncontrolling interests ⁽²⁾⁽³⁾	\$ 586	\$ 510			
Ratio of debt net of cash balances to adjusted LTM EBITDA including noncontrolling interests ⁽⁴⁾	1.9x	2.2x			

	Q4 10	Q1 11	Q2 11	Q3 11	Q3 11 LTM
Net income (loss) attributable to Tenneco Inc.	\$ (18)	\$ 47	\$ 50	\$ 30	\$ 109
Net income attributable to noncontrolling interests	7	5	7	6	25
Income tax expense	24	14	30	21	89
Interest expense (net of interest capitalized)	49	28	26	27	130
EBIT, Earnings before interest expense, income taxes and noncontrolling interests (GAAP measure)	62	94	113	84	353
Depreciation and amortization of other intangibles	53	51	54	51	209
Total EBITDA including noncontrolling interests ⁽²⁾	115	145	167	135	562
Restructuring and related expenses	4	1	2	4	11
Goodwill impairment charge ⁽⁵⁾	-	-	-	11	11
Pension charge ⁽⁶⁾	2	-	-	-	2
Total Adjusted EBITDA including noncontrolling interest ⁽³⁾	<u>\$ 121</u>	<u>\$ 146</u>	<u>\$ 169</u>	<u>\$ 150</u>	<u>\$ 586</u>

	Q4 09	Q1 10	Q2 10	Q3 10	Q3 10 LTM
Net income attributable to Tenneco Inc.	\$ 17	\$ 7	\$ 40	\$ 10	\$ 74
Net income attributable to noncontrolling interests	9	5	6	6	26
Income tax expense (benefit)	(5)	15	15	15	40
Interest expense (net of interest capitalized)	32	32	32	36	132
EBIT, Earnings before interest expense, income taxes and noncontrolling interests (GAAP measure)	53	59	93	67	272
Depreciation and amortization of other intangibles	59	55	53	55	222
Total EBITDA including noncontrolling interests ⁽²⁾	112	114	146	122	494
Restructuring and related expenses	2	4	3	3	12
Pension charge ⁽⁶⁾	-	-	-	4	4
Total Adjusted EBITDA including noncontrolling interest ⁽³⁾	<u>\$ 114</u>	<u>\$ 118</u>	<u>\$ 149</u>	<u>\$ 129</u>	<u>\$ 510</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 a lump-sum pension payments.