

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

	<u>2011</u>	<u>2010</u>
Net sales and operating revenues	<u>\$ 1,773</u>	<u>\$ 1,542</u>
Costs and expenses		
Cost of sales (exclusive of depreciation and amortization shown below)	1,492 (a)	1,280 (d)
Goodwill impairment charge	11 (b)	-
Engineering, research and development	32	30
Selling, general and administrative	101	109 (e)
Depreciation and amortization of other intangibles	<u>51</u>	<u>55 (d)</u>
Total costs and expenses	<u>1,687</u>	<u>1,474</u>
Loss on sale of receivables	(1)	(1)
Other income (expense)	<u>(1)</u>	<u>-</u>
Total other income (expense)	<u>(2)</u>	<u>(1)</u>
Earnings before interest expense, income taxes, and noncontrolling interests		
North America	46	42 (d) (e)
Europe, South America & India	36 (a)	15
Asia Pacific	<u>2 (a) (b)</u>	<u>10 (d)</u>
	84	67
Less:		
Interest expense (net of interest capitalized)	27	36 (f)
Income tax expense	<u>21 (c)</u>	<u>15 (g)</u>
Net income	36	16
Less: Net income attributable to noncontrolling interests	<u>6</u>	<u>6</u>
Net income attributable to Tenneco Inc.	<u>\$ 30</u>	<u>\$ 10</u>
Weighted average common shares outstanding:		
Basic	<u>59.8</u>	<u>59.2</u>
Diluted	<u>61.5</u>	<u>61.1</u>
Earnings per share of common stock:		
Basic	<u>\$ 0.51</u>	<u>\$ 0.17</u>
Diluted	<u>\$ 0.49</u>	<u>\$ 0.17</u>

(a) Includes restructuring and related charges of \$4 million pre-tax, \$3 million after tax or \$0.05 per diluted share, which is recorded in cost of sales. Geographically, \$1 million is recorded in Europe, South America and India and \$3 million in Asia Pacific.

(b) Represents Goodwill impairment charge recorded in Australia of \$11 million pre-tax, \$7 million after tax or \$0.11 per diluted share.

(c) Includes net tax charges of \$2 million or \$0.02 per diluted share related to losses in certain foreign jurisdictions and adjustments to tax estimates offset partially by the benefit of U.S. taxable income with no related tax expense due to the company's net operating loss carryforward.

(d) Includes restructuring and related charges of \$6 million pre-tax, \$4 million after tax or \$0.06 per diluted share. Of the adjustment \$3 million is recorded in cost of sales and \$3 million is recorded in depreciation. Geographically, \$5 million is recorded in North America and \$1 million in Asia Pacific.

(e) Includes a charge of \$4 million pretax, \$2 million after tax or \$0.04 per diluted share related to an actuarial loss for a lump-sum pension payment.

(f) Includes pre-tax expenses of \$5 million, \$4 million after tax or \$0.06 per share for costs related to refinancing activities.

(g) Includes non-cash tax charges of \$4 million or \$0.06 per diluted share primarily related to the impact of recording a valuation allowance against our tax benefit for losses in certain foreign jurisdictions.