

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

	<u>2012</u>	<u>2011</u>
Net sales and operating revenues	<u>\$ 1,778</u>	<u>\$ 1,773</u>
Costs and expenses		
Cost of sales (exclusive of depreciation and amortization shown below)	1,494 (a)	1,492 (d)
Goodwill impairment charge	-	11 (e)
Engineering, research and development	28	32
Selling, general and administrative	94 (a) (b)	101
Depreciation and amortization of other intangibles	<u>49</u>	<u>51</u>
Total costs and expenses	<u>1,665</u>	<u>1,687</u>
Loss on sale of receivables	(1)	(1)
Other income (expense)	<u>(1)</u>	<u>(1)</u>
Total other income (expense)	<u>(2)</u>	<u>(2)</u>
Earnings before interest expense, income taxes, and noncontrolling interests		
North America	77 (b)	46
Europe, South America & India	13 (a)	36 (d)
Asia Pacific	<u>21</u>	<u>2</u> (d) (e)
	111	84
Interest expense (net of interest capitalized)	<u>21</u>	<u>27</u>
Earnings before income taxes and noncontrolling interests	90	57
Income tax expense (benefit)	<u>(42) (c)</u>	<u>21</u> (f)
Net income	132	36
Less: Net income attributable to noncontrolling interests	<u>7</u>	<u>6</u>
Net income attributable to Tenneco Inc.	<u>\$ 125</u>	<u>\$ 30</u>
Weighted average common shares outstanding:		
Basic	<u>59.8</u>	<u>59.8</u>
Diluted	<u>60.9</u>	<u>61.5</u>
Earnings per share of common stock:		
Basic	<u>\$ 2.09</u>	<u>\$ 0.51</u>
Diluted	<u>\$ 2.05</u>	<u>\$ 0.49</u>

(a) Includes restructuring and related charges of \$7 million pre-tax, \$4 million after tax or \$0.07 per diluted share. Of the adjustment \$4 million is recorded in cost of sales and \$3 million is recorded in selling, general and administrative expenses. Geographically, the entire amount is recorded in Europe, South America and India.

(b) Includes a benefit of \$5 million pre-tax, \$3 million after tax or 5-cents per diluted share, from property recoveries related to transactions originated by The Pullman Company before being acquired by Tenneco in 1996.

(c) Includes net tax benefits of \$74 million or \$1.22 per diluted share primarily related to the reversal of the tax valuation allowance on the company's U.S. net operating loss position and recording a tax valuation allowance in Spain for tax credits that may not be utilized due to tax losses there.

(d) 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.

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

(f) 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.