

TENNECO INC. AND CONSOLIDATED SUBSIDIARIES
STATEMENTS OF INCOME (LOSS)
Unaudited
THREE MONTHS ENDED DECEMBER 31,
(Millions except per share amounts)

	<u>2010</u>	<u>2009</u>
Net sales and operating revenues	<u>\$ 1,577</u>	<u>\$ 1,322</u>
Costs and expenses		
Cost of sales (exclusive of depreciation shown below)	1,325 (a)	1,092 (f)
Engineering, research and development	27	25
Selling, general and administrative	110 (b)	88
Depreciation and amortization of other intangibles	<u>53</u>	<u>59 (f)</u>
Total costs and expenses	<u>1,515</u>	<u>1,264</u>
Loss on sale of receivables	- (e)	(3)
Other income (expense)	<u>-</u>	<u>(2)</u>
Total other income (expense)	<u>-</u>	<u>(5)</u>
Income before interest expense, income taxes, and noncontrolling ownership interests		
North America	27 (a) (b)	15 (f)
Europe, South America & India	19 (a)	21 (f)
Asia Pacific	<u>16 (a)</u>	<u>17</u>
	62	53
Less:		
Interest expense (net of interest capitalized)	49 (c) (e)	32
Income tax expense	<u>24 (d)</u>	<u>(5) (g)</u>
Net income (loss)	<u>(11)</u>	<u>26</u>
Less: Net income attributable to noncontrolling interests	<u>7</u>	<u>9</u>
Net income (loss) attributable to Tenneco Inc.	<u>\$ (18)</u>	<u>\$ 17</u>
Average common shares outstanding:		
Basic	<u>59.5</u>	<u>52.8</u>
Diluted	<u>59.5</u>	<u>54.6</u>
Earnings (Loss) per share of common stock:		
Basic	<u>\$ (0.31)</u>	<u>\$ 0.33</u>
Diluted	<u>\$ (0.31)</u>	<u>\$ 0.32</u>

(a) Includes restructuring and related charges of \$4 million pre-tax, \$2 million after tax or \$0.06 per diluted share. The entire amount is recorded in cost of sales. Geographically, \$2 million is recorded in North America, \$1 million in Europe, South America and India and \$1 million in Asia Pacific.

(b) Includes a charge of \$2 million pre-tax, \$2 million after tax or \$0.02 per diluted share related to an actuarial loss for a lump-sum pension payment.

(c) Includes pre-tax expenses of \$21 million, \$13 million after tax or \$0.22 per share for costs related to refinancing activities.

(d) Includes non-cash tax charges of \$20 million or \$0.32 per diluted share primarily related to the impact of recording a valuation allowance against the tax benefit for losses in the U.S. and certain foreign jurisdictions.

(e) The adoption of the new accounting guidance in Accounting Standards Codification (ASC) 860, "Accounting for Transfers of Financial Assets, an amendment to FAS No. 140" in the first quarter 2010 requires Tenneco to account for its accounts receivable securitization program in North America as secured borrowings. As a result, this impacted the statements of income by decreasing the loss on sale of receivables and increasing interest expense by the same amount.

(f) Includes restructuring and related charges of \$4 million pre-tax, \$3 million after tax or \$0.04 per diluted share. Of the adjustment \$2 million is recorded in cost of sales and \$2 million is recorded in depreciation. Geographically, \$3 million is recorded in North America and \$1 million in Europe, South America and India.

(g) Includes a non-cash tax benefit of \$13 million or \$0.23 per diluted share primarily related to adjustments to valuation allowances for deferred tax assets net of the impact of not benefiting U.S. and foreign tax losses.