

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

| | <u>2011</u> | <u>2010</u> |
|---|-------------------|-----------------|
| Net sales and operating revenues | <u>\$ 7,205</u> | <u>\$ 5,937</u> |
| Costs and expenses | | |
| Cost of sales (exclusive of depreciation and amortization shown below) | 6,037 (a) | 4,900 (e) |
| Goodwill impairment charge | 11 (b) | - |
| Engineering, research and development | 133 | 117 |
| Selling, general and administrative | 428 | 417 (f) |
| Depreciation and amortization of other intangibles | <u>207</u> | <u>216 (e)</u> |
| Total costs and expenses | <u>6,816</u> | <u>5,650</u> |
| Loss on sale of receivables | (5) | (3) |
| Other income (expense) | <u>(5)</u> | <u>(3)</u> |
| Total other income (expense) | <u>(10)</u> | <u>(6)</u> |
| Earnings before interest expense, income taxes, and noncontrolling interests | | |
| North America | 216 (a) | 155 (e) (f) |
| Europe, South America & India | 125 (a) | 76 (e) |
| Asia Pacific | <u>38 (a) (b)</u> | <u>50 (e)</u> |
| | 379 | 281 |
| Interest expense (net of interest capitalized) | <u>108 (c)</u> | <u>149 (g)</u> |
| Earnings before income taxes and noncontrolling interests | 271 | 132 |
| Income tax expense | <u>88 (d)</u> | <u>69 (h)</u> |
| Net income | 183 | 63 |
| Less: Net income attributable to noncontrolling interests | <u>26</u> | <u>24</u> |
| Net income attributable to Tenneco Inc. | <u>\$ 157</u> | <u>\$ 39</u> |
| Weighted average common shares outstanding: | | |
| Basic | <u>59.9</u> | <u>59.2</u> |
| Diluted | <u>61.5</u> | <u>61.0</u> |
| Earnings per share of common stock: | | |
| Basic | <u>\$ 2.62</u> | <u>\$ 0.65</u> |
| Diluted | <u>\$ 2.55</u> | <u>\$ 0.63</u> |

(a) Includes restructuring and related charges of \$8 million pre-tax, \$5 million after tax or \$0.09 per diluted share, which is recorded in cost of sales. Geographically, \$2 million is recorded in North America, \$3 million 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 pre-tax expenses of \$1 million, \$1 million after tax or \$0.01 per share for costs related to refinancing activities.

(d) Includes net tax benefits of \$7 million or \$0.10 per diluted share primarily related to U.S. taxable income with no associated tax expense due to the company's net operating loss carryforward and adjustments to prior years' tax estimates, partially offset by the impact of recording a valuation allowance against the tax benefit for losses in certain foreign jurisdictions.

(e) Includes restructuring and related charges of \$19 million pre-tax, \$12 million after tax or \$0.20 per diluted share. Of the adjustment \$14 million is recorded in cost of sales and \$5 million is recorded in depreciation. Geographically, \$14 million is recorded in North America, \$3 million in Europe, South America and India and \$2 million in Asia Pacific.

(f) Includes charges of \$6 million pre-tax, \$4 million after tax or \$0.07 per diluted share related to an actuarial loss for lump-sum pension payments.

(g) Includes pre-tax expenses of \$27 million, \$18 million after tax or \$0.29 per share for costs related to refinancing activities.

(h) Includes tax charges of \$23 million or \$0.38 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 partially offset by income generated in lower tax rate jurisdictions.