

TENNECO INC.
RECONCILIATION OF GAAP⁽¹⁾ TO NON-GAAP EARNINGS MEASURES⁽²⁾

ATTACHMENT 2

Unaudited
(Millions except per share amounts)

	YTD 2012				YTD 2011			
	EBITDA ⁽³⁾	EBIT	Net income attributable to Tenneco Inc.	Per Share	EBITDA ⁽³⁾	EBIT	Net income attributable to Tenneco Inc.	Per Share
Earnings Measures	\$ 633	\$ 428	\$ 275	\$ 4.50	\$ 586	\$ 379	\$ 157	\$ 2.55
Adjustments (reflect non-GAAP measures):								
Restructuring and related expenses	13	13	8	0.14	8	8	5	0.09
Asset impairment charge ⁽⁴⁾	-	7	7	0.11	-	-	-	-
Pullman recoveries ⁽⁵⁾	(5)	(5)	(3)	(0.05)	-	-	-	-
Goodwill impairment charge ⁽⁶⁾	-	-	-	-	11	11	7	0.11
Costs related to refinancing	-	-	12	0.19	-	-	1	0.01
Net tax adjustments	-	-	(96)	(1.57)	-	-	(7)	(0.10)
Non-GAAP earnings measures	<u>\$ 641</u>	<u>\$ 443</u>	<u>\$ 203</u>	<u>\$ 3.32</u>	<u>\$ 605</u>	<u>\$ 398</u>	<u>\$ 163</u>	<u>\$ 2.66</u>

	YTD 2012			
	North America	Europe, SA & India	Asia Pacific	Total
EBIT	\$ 288	\$ 71	\$ 69	\$ 428
Restructuring and related expenses	1	12	-	13
Asset impairment charge ⁽⁴⁾	-	7	-	7
Pullman recoveries ⁽⁵⁾	(5)	-	-	(5)
Adjusted EBIT	<u>\$ 284</u>	<u>\$ 90</u>	<u>\$ 69</u>	<u>\$ 443</u>

	YTD 2011			
	North America	Europe, SA & India	Asia Pacific	Total
EBIT	\$ 216	125	\$ 38	\$ 379
Restructuring and related expenses	2	3	3	8
Goodwill impairment charge ⁽⁶⁾	-	-	11	11
Adjusted EBIT	<u>\$ 218</u>	<u>\$ 128</u>	<u>\$ 52</u>	<u>\$ 398</u>

⁽¹⁾ Generally Accepted Accounting Principles

⁽²⁾ Tenneco presents the above reconciliation of GAAP to non-GAAP earnings measures primarily to reflect the results for 2012 and 2011 in a manner that allows a better understanding of the results 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. Adjustments similar to the ones reflected above have been recorded in earlier periods, and similar types of adjustments can reasonably be expected to be recorded in future periods. Using only the non-GAAP earnings measures to analyze earnings would have material limitations because its calculation is based on the subjective determinations of management regarding the nature and classification of events and circumstances that investors may find material. Management compensates for these limitations by utilizing both GAAP and non-GAAP earnings measures reflected above to understand and analyze the results of the business. 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.

⁽³⁾ 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 depending 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.

⁽⁴⁾ Non-cash asset impairment charge related to the European ride control business.

⁽⁵⁾ Benefit from property recoveries related to transactions originated by the Pullman company before being acquired by Tenneco in 1996.

⁽⁶⁾ Non-cash asset impairment charge related to goodwill for Australia.