

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

	<u>2012</u>	<u>2011</u>
Net sales and operating revenues	<u>\$ 7,363</u>	<u>\$ 7,205</u>
Costs and expenses		
Cost of sales (exclusive of depreciation and amortization shown below)	6,170 (a)	6,037 (f)
Goodwill impairment charge	-	11 (g)
Engineering, research and development	126	133
Selling, general and administrative	427 (a) (c)	428
Depreciation and amortization of other intangibles	<u>205 (b)</u>	<u>207</u>
Total costs and expenses	<u>6,928</u>	<u>6,816</u>
Loss on sale of receivables	(4)	(5)
Other income (expense)	<u>(3)</u>	<u>(5)</u>
Total other income (expense)	<u>(7)</u>	<u>(10)</u>
Earnings before interest expense, income taxes, and noncontrolling interests		
North America	288 (a) (c)	216 (f)
Europe, South America & India	71 (a) (b)	125 (f)
Asia Pacific	<u>69</u>	<u>38 (f) (g)</u>
	428	379
Interest expense (net of interest capitalized)	<u>105 (d)</u>	<u>108 (h)</u>
Earnings before income taxes and noncontrolling interests	323	271
Income tax expense	<u>19 (e)</u>	<u>88 (i)</u>
Net income	304	183
Less: Net income attributable to noncontrolling interests	<u>29</u>	<u>26</u>
Net income attributable to Tenneco Inc.	<u>\$ 275</u>	<u>\$ 157</u>
Weighted average common shares outstanding:		
Basic	<u>60.0</u>	<u>59.9</u>
Diluted	<u>61.1</u>	<u>61.5</u>
Earnings per share of common stock:		
Basic	<u>\$ 4.58</u>	<u>\$ 2.62</u>
Diluted	<u>\$ 4.50</u>	<u>\$ 2.55</u>

(a) Includes restructuring and related charges of \$13 million pre-tax, \$8 million after tax or \$0.14 per diluted share. Of the adjustment \$10 million is recorded in cost of sales and \$3 million is recorded in selling, general and administrative expenses. Geographically, \$1 million is recorded in North America and \$12 million in Europe, South America and India.

(b) Includes an asset impairment charge of \$7 million or \$0.11 per diluted share related to the European ride control business.

(c) 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.

(d) Includes pre-tax expenses of \$18 million, \$12 million after tax or \$0.19 per share for costs related to refinancing activities.

(e) Includes net tax benefits of \$96 million or \$1.57 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.

(f) 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.

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

(h) Includes pre-tax expenses of \$1 million, \$1 million after tax or \$0.01 per share for costs related to refinancing activities.

(i) 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.