

# TEN@10

Recognizing Ten Years as a Stand-alone Company

## Shareholder Letter



**Gregg M. Sherrill**  
Chairman and Chief Executive Officer

### Company Revenues and Financial Results for 2009



### Tenneco at a Glance



Dear Shareholders

In last year's shareholder letter, I said that I was convinced Tenneco would come through the economic crisis leaner, stronger, more innovative and ultimately more profitable. While 2009 was a year marked by unprecedented production declines and significant changes in the automotive industry, we met the challenges with resilience and determination. Our performance was driven by our long-standing alignment in three key areas: financial flexibility, operational excellence and capturing growth. This alignment allowed us to act quickly and effectively to meet volatile market conditions without losing ground on launching new business and preparing for future growth. And, as a result, we are leaner, stronger, more innovative and positioned to take advantage of profitable growth opportunities as the industry recovers.

I am once again grateful for the unparalleled work, dedication and sacrifice of our 21,000 employees worldwide. As a team, we celebrated an important milestone during 2009 – our 10 year anniversary as a stand-alone company. Our employees can be very proud of all of our accomplishments over this 10-year period and we look forward to the next 10 years and beyond with great confidence.

### Financial Flexibility

Given the extraordinary depth of the economic crisis and its severe impact on the automotive industry, Tenneco teams around the world aggressively and effectively managed factors within their control to significantly reduce costs and generate cash.

Generating cash and reducing debt have always been top priorities for Tenneco and we made excellent progress this year in improving our balance sheet. Our working capital management, including reducing inventories to match production levels and efficiently collecting receivables, drove an outstanding cash performance of \$241 million in cash generated from operations.

Additionally, a significant part of our crisis management was to cut capital spending to \$118 million in 2009, nearly half of the \$221 million we spent in 2008. This spending reduction was achieved by prioritizing capital needs, redeploying assets freed up by the global production downturn and deferring other capital expenditures, all without sacrificing future growth prospects. We also temporarily reduced salary costs with various pay and work hour

**“We are optimistic about our revenue growth and ability to leverage this growth with cost structure changes and operational improvements we made over the last year.”**

Gregg Sherrill

reduction programs for our salaried employees worldwide. This sacrifice was shared at every level in the company and these difficult actions delivered \$14 million in savings in the second and third quarters. Fortunately, we were able to end nearly all of these temporary salary programs earlier than anticipated, once it became apparent that the worst of the crisis was behind us. We also slashed discretionary spending in 2009. No action was too small as Tenneco employees simply turned off the spending spigots.

As a result of all these actions, we successfully weathered the downturn during the first half of 2009 and were able to leverage improved global production levels during the second half of the year. We also benefited from our global aftermarket business, which held up well throughout the crisis and provided some balance to the negative OE production environment with stable year-over-year results and a solid contribution to earnings and our cash performance.

As part of our strategic imperative to improve financial flexibility, we completed a common stock offering in the fourth quarter. We used the net proceeds of \$188 million from the offering and the positive cash flow we generated during the year to strengthen our balance sheet in 2009 by reducing net debt by \$272 million.

### **Operational Excellence**

We helped offset steep production volume declines and the impact on earnings by implementing a global restructuring plan to deliver \$58 million in annual savings. To further maximize efficiencies, we announced another plant closure in North America in September 2009, further adjusting our capacity to the market and generating an additional \$8 million in annual savings once fully implemented at the end of 2010.

Operationally, we use all of our Lean manufacturing, Six Sigma and Global Supply Management tools to ensure that we are running our plants as efficiently as possible at every location around the world. This was evident in our 2009 gross margin performance, which improved year-over-year despite the significantly lower production environment.

### **Capturing Growth**

Despite the downturn, Tenneco continued to make strategic investments in advanced technologies, new partnerships and expanding markets to capture long-term growth opportunities.

Regulations to reduce diesel particulate and nitrogen oxide (NOx) emissions are coming into effect on commercial vehicles in a number of locations around the globe, requiring diesel aftertreatment solutions such as Tenneco's diesel particulate filters, diesel oxidation catalysts and selective catalytic reduction technologies.

Tenneco continued to strengthen its diesel aftertreatment technology and product position in 2009. We announced a licensing agreement with Woodward Governor Company to collaborate on Tenneco's T.R.U.E.-Clean™ (Thermal Regeneration Unit for Exhaust) aftertreatment technology, a system targeted for on-road diesel truck and bus applications, as well as non-road diesel applications such as construction, forestry and agricultural equipment.

Working in collaboration with GE Transportation, we also made progress on developing hydrocarbon lean NOx catalyst technology (HC-LNC), a next-generation diesel aftertreatment innovation aimed at reducing harmful NOx emissions.

We have made the right investments to ensure that we have the technology and engineering expertise to help our commercial vehicle customers meet these new emissions standards as we launch multiple programs with 11 commercial vehicle customers between fourth quarter 2009 and the end of 2011. We estimate that 15 percent of our global OE revenue in 2011 will be generated by commercial vehicle business. By 2012, commercial vehicle will make up between 25 and 30 percent of our global OE revenue, a significant increase over 7 percent of revenue in 2009.

Our ride control business also offers growth opportunities. Tenneco is at the forefront of

electronic damping for improved ride performance and safety. We continue to increase our share of the electronic damping market by winning new business and launching Tenneco's Continuously Controlled Electronic Suspension (CES) with a number of European customers as well as developing next generation technologies such as Kinetic + CES and Tenneco's Actively Controlled Car (ACOCAR). These technologies offer increased content opportunities for Tenneco while delivering the most advanced vehicle ride and handling to our customers.

We are also meeting the accelerated demand for lightweight components to help improve vehicle fuel efficiency. Ride control technologies such as hollow rods, variable thickness tubes and plastic spring seats help take weight out of a vehicle without sacrificing ride control performance.

China remains one of the fastest growing vehicle markets in the world and Tenneco gained ground in 2009 by establishing an emission control joint venture partnership with Beijing Hainachuan Automotive Parts Company Limited, resulting in Tenneco's first-ever business with Hyundai. We also moved forward on establishing a new, wholly-owned emission control facility in Guangzhou to support new business with Nissan. The new JV and our expansion into Guangzhou further diversifies our customer mix in China while building our global business with Japanese and Korean manufacturers.

We further diversified our position earlier this year by creating another joint venture in China, with Changchun FAW Sihuan Group Ltd., to supply emission control components and systems for FAW Group Corporation, one of China's leading manufacturers of light and commercial vehicles. This new JV, based in Changchun, not only expands our position in the growing passenger vehicle market, but also furthers our access to China's commercial vehicle segment, which is the largest in the world. We now have seven majority-owned joint ventures in China and have strengthened our position as one of the leading emission control suppliers.

Looking ahead, we are excited about the growth opportunities in 2010, a pivotal year for our company. With global financial turmoil easing and automotive production recovering, we have projected a five-year average compounded annual OE revenue growth rate of 18% to 20% through 2014\*. We expect to outpace light vehicle and commercial vehicle industry growth rates as we leverage our strong platform balance in a strengthening production environment; increase emission and ride control content in our light vehicle business; and launch significant emission control business with commercial vehicle customers to meet new on- and off-road emissions standards globally.

In closing, although 2010 production forecasts are improving, they still remain below historical levels. We're only in the early stages of an industry recovery and a certain level of fragility still remains in the global economy. With that said, we remain optimistic that economies will continue to recover, and confident in our revenue growth and ability to leverage this growth with the cost structure changes and operational improvements we made over the last year. We have improved our ability to quickly adjust our operations based on market demand and have the financial flexibility to take advantage of an upswing in production.

Tenneco is a company that, over the last ten years, has overcome adversity, seized opportunities and applied lessons learned to continuously improve and achieve success. We appreciate the support of shareholders, employees, customers and suppliers as we build on this record for many decades to come.



Gregg Sherrill  
Chairman and Chief Executive Officer  
Tenneco Inc.

## At a Glance



### Our Vision

Pioneering global ideas for cleaner, quieter, smoother, and safer transportation.

### Corporate Profile








Tenneco Inc. is one of the world's largest designers, manufacturers and marketers of emission control and ride control products and systems for the vehicle original equipment market and aftermarket. The company became an independent corporation in 1999, allowing singular focus on strategies to maximize global results.

Tenneco markets its products primarily under the Monroe<sup>®</sup>, Walker<sup>®</sup>, Gillet<sup>™</sup>, and Clevite<sup>®</sup> Elastomers brand names. Leading manufacturers worldwide use our products in their vehicles, attracted principally by our advanced technologies. We are one of the top suppliers to the automotive aftermarket, offering exceptionally strong brand recognition, marketing support and outstanding distribution capabilities.

### Safe Harbor Statement



Please see the Safe Harbor Statement and risk factors under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the accompanying Form 10-K, which is incorporated herein by reference.

**Original Equipment**

Operations	Emission Control	Ride Control
<b>2009 Sales</b>	\$2,604 million	\$1,009 million
<b>Applications</b>	<ul style="list-style-type: none"> <li>• Passenger cars</li> <li>• Light trucks</li> <li>• Commercial vehicles</li> <li>• Industrial</li> <li>• Motorbikes</li> <li>• Buses</li> </ul>	<ul style="list-style-type: none"> <li>• Passenger cars</li> <li>• Light trucks</li> <li>• Commercial vehicles</li> <li>• Golf carts</li> <li>• Off-road recreational vehicles</li> <li>• Rail cars</li> <li>• Buses</li> <li>• Motorbikes</li> </ul>
<b>Products</b>	<ul style="list-style-type: none"> <li>• Complete emission control systems</li> <li>• Fabricated manifolds</li> <li>• Manifold-converter modules</li> <li>• Catalytic converters</li> <li>• Mufflers and resonators</li> <li>• Diesel particulate filter systems</li> <li>• SCR, NOx abatement systems</li> <li>• Exhaust heat exchangers</li> <li>• Exhaust isolators and hanging systems</li> </ul>	<ul style="list-style-type: none"> <li>• Shocks and struts</li> <li>• Suspension bushings</li> <li>• Coil, air and leaf springs</li> <li>• Torque rods</li> <li>• Engine and body mounts</li> <li>• Suspension modules and systems</li> <li>• Control arms, bars and links</li> <li>• Cabin dampers</li> <li>• Continuously Controlled Electronic Suspension systems</li> <li>• Anti-roll systems</li> <li>• Seat dampers</li> </ul>
<b>Brands</b>	 	    
<b>Primary Competitors</b>	<ul style="list-style-type: none"> <li>• Faurecia/EMCON</li> <li>• Eberspacher</li> </ul>	<ul style="list-style-type: none"> <li>• ZF Sachs</li> <li>• KYB</li> <li>• Hitachi</li> <li>• Magneti Marelli</li> <li>• Beijing West</li> </ul>
<b>Key Advantages</b>	<ul style="list-style-type: none"> <li>• Advanced technology</li> <li>• Broad product range</li> <li>• Full-service supplier</li> <li>• Strong customer relationships</li> <li>• Diverse customer base</li> <li>• Global program management</li> <li>• Product/process quality</li> <li>• Global engineering capabilities</li> <li>• Knowledge-based manufacturing and engineering</li> <li>• Test and validation systems</li> <li>• Global manufacturing footprint</li> <li>• Just-in-time (JIT) assembly</li> <li>• Lean manufacturing expertise</li> </ul>	<ul style="list-style-type: none"> <li>• Advanced technology</li> <li>• Broad product range</li> <li>• Full-service supplier</li> <li>• Strong customer relationships</li> <li>• Diverse customer base</li> <li>• Global program management</li> <li>• Product/process quality</li> <li>• Global engineering capabilities</li> <li>• Knowledge-based manufacturing and engineering</li> <li>• Test and validation systems</li> <li>• Global manufacturing footprint</li> <li>• Just-in-time (JIT) assembly</li> <li>• Lean manufacturing expertise</li> </ul>

Operations	Emission Control	Ride Control
<b>Top Five Customers</b>	<ul style="list-style-type: none"> <li>• General Motors Corp.</li> <li>• Ford Motor Co.</li> <li>• Volkswagen AG</li> <li>• Toyota Motor Co.</li> <li>• BMW</li> </ul>	<ul style="list-style-type: none"> <li>• General Motors Corp.</li> <li>• Ford Motor Co.</li> <li>• Volkswagen AG</li> <li>• Renault</li> <li>• Mazda</li> </ul>
<b>Top Five Platform Models 2009</b>	<ul style="list-style-type: none"> <li>• Ford Super Duty Gas/Diesel</li> <li>• Ford F-Series</li> <li>• Chevy Silverado/GMC Heavy Duty Gas/Diesel</li> <li>• VW Golf, Touran, Audi A3, Skoda Octavia</li> <li>• Ford Focus, Kuga, Volvo V50, C30, Mazda 323</li> </ul>	<ul style="list-style-type: none"> <li>• Chevy Silverado, Tahoe and Suburban; GMC Sierra and Yukon</li> <li>• Buick LaCrosse and Regal, Opel Insignia</li> <li>• Ford Focus, Kuga, Mazda 323, Volvo S40</li> <li>• VW Gol, Skoda Fabia</li> <li>• Ford Fiesta, Mazda 2</li> </ul>
<b>Market Opportunities</b>	<ul style="list-style-type: none"> <li>• Additional content due to emissions regulations</li> <li>• Commercial vehicle diesel after-treatment</li> <li>• Emerging markets</li> <li>• Adjacent markets</li> <li>• Customized sound attenuation</li> </ul>	<ul style="list-style-type: none"> <li>• Vehicle stability/safety concerns</li> <li>• Electronic technologies</li> <li>• New valve technologies</li> <li>• Modular assemblies</li> <li>• Emerging markets</li> <li>• Adjacent markets</li> <li>• Commercial vehicle segment</li> <li>• Seat and cabin damping systems</li> </ul>

**Aftermarket**

Operations	Emission Control	Ride Control
<b>2009 Sales</b>	\$315 million	\$721 million
<b>Applications</b>	<ul style="list-style-type: none"> <li>• Passenger cars</li> <li>• Light trucks</li> <li>• Commercial vehicles</li> <li>• Performance vehicles</li> </ul>	<ul style="list-style-type: none"> <li>• Passenger cars</li> <li>• Light trucks</li> <li>• Commercial vehicles</li> <li>• Performance vehicles</li> <li>• Trailers</li> </ul>
<b>Products</b>	<ul style="list-style-type: none"> <li>• Mufflers</li> <li>• Pipes</li> <li>• Tubing</li> <li>• Mounting components</li> <li>• Catalytic converters</li> <li>• Performance mufflers</li> <li>• Headers</li> <li>• Diesel particulate filters</li> </ul>	<ul style="list-style-type: none"> <li>• Shock absorbers</li> <li>• Struts and strut assemblies</li> <li>• Cartridges</li> <li>• Mounting kits</li> <li>• Performance shocks and struts</li> <li>• Torque rods</li> <li>• Suspension bushings</li> <li>• Engine mounts</li> <li>• Coil springs</li> <li>• Suspension lift kits</li> <li>• Break pads</li> <li>• Steering and suspension parts</li> </ul>
<b>Brands</b>		
<b>Primary Competitors</b>	<ul style="list-style-type: none"> <li>• OE Service</li> <li>• Bosal</li> <li>• AP Exhaust Products</li> <li>• International Muffler Company</li> <li>• Klarius Group</li> </ul>	<ul style="list-style-type: none"> <li>• KYB</li> <li>• ZF Sachs</li> <li>• OE Service</li> </ul>
<b>Key Advantages</b>	<ul style="list-style-type: none"> <li>• Brand leadership</li> <li>• Relationships with all major wholesale distributors/retailers</li> <li>• Global presence</li> <li>• Leading market shares</li> <li>• Product innovation</li> <li>• Product quality</li> <li>• Extensive product and vehicle coverage</li> <li>• Targeted marketing programs</li> <li>• Distribution channels</li> </ul>	<ul style="list-style-type: none"> <li>• Brand leadership</li> <li>• Relationships with nearly all major wholesale distributors/retailers</li> <li>• Global presence</li> <li>• Leading market shares</li> <li>• Product innovation</li> <li>• Product quality</li> <li>• Extensive product and vehicle coverage</li> <li>• Targeted marketing programs</li> <li>• Distribution channels</li> </ul>
<b>Top Five Customers</b>	<ul style="list-style-type: none"> <li>• Temot Autoteile GmbH</li> <li>• NAPA</li> <li>• Auto distribution International (ADI)</li> <li>• Uni-Select</li> <li>• Advance Auto Parts</li> </ul>	<ul style="list-style-type: none"> <li>• NAPA</li> <li>• O'Reilly Automotive</li> <li>• Advance Auto Parts</li> <li>• Temot Autoteile GmbH International</li> <li>• Uni-Select</li> </ul>



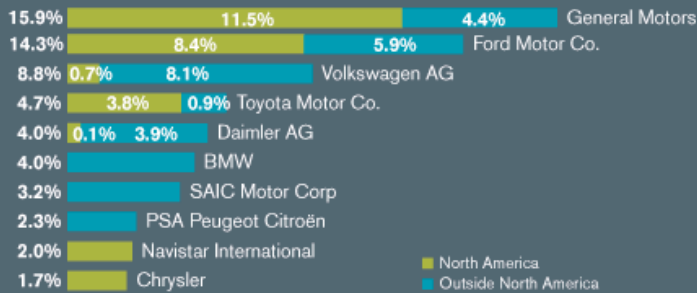
Operations	Emission Control	Ride Control
<p><b>Leading Products</b></p>	<ul style="list-style-type: none"> <li>• Quiet-Flow® mufflers/assemblies</li> <li>• Dynamax®Ultra-Flo Stainless/Welded Mufflers/Systems</li> <li>• SoundFX™ mufflers</li> <li>• Clean Air™ catalytic converters</li> </ul>	<ul style="list-style-type: none"> <li>• Reflex® shocks and struts</li> <li>• Sensa-Trac® shocks and struts</li> <li>• Rancho® shocks, struts and suspension lift kits</li> <li>• Quick-Strut™</li> <li>• Gas-Magnum® shocks</li> <li>• Monro-Matic Plus® shocks</li> <li>• Monroe springs</li> <li>• Monroe brake pads</li> <li>• Monro-Magnum® shocks</li> </ul>
<p><b>Market Opportunities</b></p>	<ul style="list-style-type: none"> <li>• Growing number of vehicles on the road</li> <li>• OE Service</li> <li>• New technologies</li> <li>• Emission regulations</li> <li>• Performance-product demand</li> </ul>	<ul style="list-style-type: none"> <li>• Growing number of vehicles on the road</li> <li>• OE service</li> <li>• New technologies</li> <li>• Unperformed maintenance</li> <li>• Premium mix expansion</li> <li>• Broader product coverage</li> <li>• Heavy-duty truck penetration</li> <li>• Safety/installer education</li> <li>• Testing/diagnostic equipment</li> </ul>

## Metrics

### Diverse Customer Base

Top Customers as a % of Total 2009 Revenues

#### Largest Original Equipment Customers

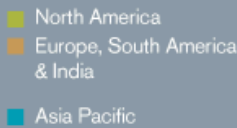


#### Largest Aftermarket Customers



#### 2009 Sales

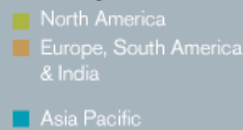
Dec. 31, 2009	2009	2008
North America	45%	44%
Europe, South America & India	44%	47%
Asia Pacific	11%	9%



#### 2009 EBIT\* (millions)

	2009	2008
North America	\$42	\$(107)
Europe, South America & India	\$20	\$85
Asia Pacific	\$30	\$19

\*EBIT is earnings before interest expense, taxes and noncontrolling interests.



#### Revenue

	2009	2008
Revenue (millions)	\$4,649	\$5,916
Total Emission Control/ Ride Control Balance	63/37	67/33
Original Equipment/ Aftermarket Balance	78/22	81/19

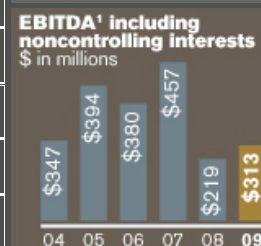
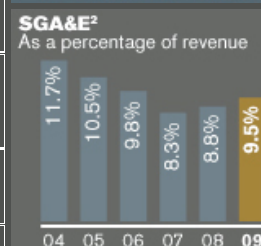
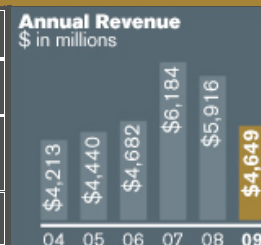
#### Profile

People	Approx. 21,000
Manufacturing & Just-In-Time Facilities	84
Engineering Centers	14
Countries Served	141



## 2009 Financial Highlights

(dollars in millions except share and per share data)	2009	2008	2007	2006	2005	2004
Net sales & operating revenues	\$4,649	\$5,916	\$6,184	\$4,682	\$4,440	\$4,213
Earnings before interest expense, taxes & noncontrolling interests (EBIT)	\$92	\$(3)	\$252	\$196	\$217	\$170
Depreciation & amortization	\$221	\$222	\$205	\$184	\$177	\$177
EBITDA <sup>1</sup> including noncontrolling interests	\$313	\$219	\$457	\$380	\$394	\$347
Net income (loss) attributable to Tenneco, Inc. before changes in accounting principles	\$(73)	\$(415)	\$(5)	\$49	\$56	\$9
Earnings (loss) per diluted share before changes in accounting principles	\$(1.50)	\$(8.95)	\$(0.11)	\$1.05	\$1.24	\$0.21
Capital expenditures	\$118	\$221	\$198	\$170	\$143	\$131
Average diluted shares outstanding	48,572,463	46,406,095	45,809,730	46,755,573	45,321,225	44,180,460
Total debt	\$1,220	\$1,451	\$1,374	\$1,385	\$1,383	\$1,421
Cash and cash equivalents	\$167	\$126	\$188	\$202	\$141	\$214
Debt net of cash balances	\$1,053	\$1,325	\$1,186	\$1,183	\$1,242	\$1,207



<sup>1</sup> EBITDA including noncontrolling interests represents income from continuing operations before cumulative effect of changes in accounting principles, 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) or operating income as an indicator of our performance, or as an alternative to operating cash flows as a measure of liquidity. We have reported EBITDA including noncontrolling interests because we believe EBITDA including noncontrolling interests is a measure commonly reported and widely used by investors and other interested parties as an indicator of a company's performance. We believe 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 in this document may not always be comparable to similarly titled measures reported by other companies due to differences in the components of the calculation. See page 37 of the Company's Annual Report on Form 10-K for a reconciliation of Net Income to EBITDA including noncontrolling interests.

<sup>2</sup> Selling, General, Administrative and Engineering.

## TEN reasons to Invest in Tenneco

Our global team of 21,000 employees is aligned, executing and winning...

[More](#)

Current and future customer demands, supported by strong engineering, drive advanced technology pipeline.

OE revenue expected to increase 23% in 2010 and 29% from 2010 to 2011

Year	Revenue (\$billions)
2009	3.6
2010	4.4
2011	5.7

### 18% to 20%

projected five-year compounded annual OE revenue growth rate through 2014

### Strong balance

**2009**

Revenues (millions)	\$4,649
Total Emission Control/Ride Control Balance	63/37
Original Equipment/Aftermarket Balance	78/22

■ North America ■ Asia Pacific ■ Europe, South America and India

### Commitment to strengthening balance sheet and financial flexibility

Goal of net debt to adjusted EBITDA ratio of 2.0x

# 2.0x

### #1 or #2

market share in Europe and North America emission control and ride control

### Over the last five years:

Working capital as a % of revenue averaged 5.3%; capital expenditures averaged 3.3%

### Well-established in growth markets

#1 emissions control supplier in China with seven joint ventures and one wholly-owned manufacturing plant

Global engineering and manufacturing footprint, serving customers in mature and emerging markets



TEN reasons to  
**Invest**  
in Tenneco

Our global team of 21,000 employees is aligned, executing and winning...

Our global team of 21,000 employees is aligned, executing and winning. In our first 10 years as a stand-alone company, Tenneco's stock delivered a 77% return, outperforming the Dow Jones (-6.5%), S&P 500 (-22%) and Russell 2000 (31%). We enter 2010 with a solid financial foundation and well-positioned to take full advantage of improving industry conditions as a result of our resilience and response to last year's challenges with aggressive cost management, cash generation, and relentless operational improvements.

 Close

OE revenue expected to increase 23% in 2010 and 29% from 2010 to 2011



**Commitment to strengthening balance sheet and financial flexibility**

Goal of net debt to adjusted EBITDA ratio of 2.0x

**2.0x**



Commercial vehicle business projected to grow from 7% of total OE revenue in 2009 up to 30% in 2012.

**Well-established in growth markets**

#1 emissions control supplier in China with seven joint ventures and one wholly-owned manufacturing plant

ture and emerging markets




**TEN ways we innovate through**  
**Technology**



Tenneco is a worldwide leader in developing and manufacturing innovative emission control, ride control...

[More](#)



Monroe Quick-Strut for the aftermarket reduces installation time and fits the ride and handling profile for specific vehicles


Expanding our emission control engineering center in Shanghai to serve the China market

**1 of 14** engineering centers globally

Demonstrated ability to provide emission control solutions for changing powertrains.

**CES** Continuously Controlled Electronic Suspension

Semi-active system available on Volvo, Audi, Ford, Mercedes, Volkswagen and two other customers' models.



Fabricated manifolds are lighter weight and offer improved thermal management, better fuel economy and reduced emissions.

**Suite of NOx abatement technologies to meet stricter regulations**

NOx Catalysts	Solid SCR	HC-LNC
ELIM-NOx Selective Catalytic Reduction (SCR)		

*Tenneco Knowledge-Based Manufacturing and Engineering Process*—Updates knowledge, allows engineers to work virtually, and improves product development efficiency and quality.

**Patented designs for exhaust isolators that cost effectively reduce noise, vibration and harshness in a vehicle's ride.**

**Kinetic + CES and ACOCAR**  
 Advanced electronic damping technologies that deliver high performance suspensions enhancing ride comfort and handling.

Early innovator in diesel aftertreatment technologies for light and commercial vehicles.

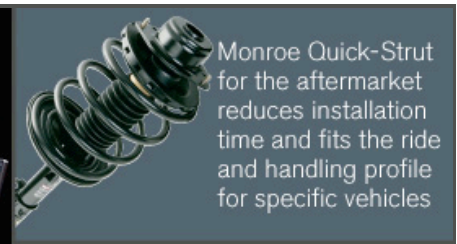


TEN ways we innovate through  
**Technology**

Tenneco is a worldwide leader in developing and manufacturing innovative emission control, ride control...

Tenneco is a worldwide leader in developing and manufacturing innovative emission control, ride control and elastomer products. Our 14 engineering centers on five continents pioneer advanced technologies and innovative products helping customers meet increasing demands for enhanced environmental performance, safety and ride comfort.

 Close



Monroe Quick-Strut for the aftermarket reduces installation time and fits the ride and handling profile for specific vehicles

Expanding our emission control engineering center in Shanghai to serve the China market

**1** of **14** engineering centers globally

**Suite of NOx abatement technologies to meet stricter regulations**

NOx Catalysts   Solid SCR   HC-LNC

ELIM-NOx Selective Catalytic Reduction (SCR)

**Kinetic + CES and ACOCAR**

Advanced electronic damping technologies that deliver high performance suspensions enhancing ride comfort and handling.

al vehicles.



**TEN ways we've strengthened Operations**

One of Tenneco's key strategic initiatives is to advance operational excellence.

[More](#)

Tenneco Manufacturing System –the next phase of Lean Manufacturing– will reduce costs and increase revenue per employee.



Expanding some engineering and manufacturing to best-cost countries including China and India.

**Respond quickly to market changes with restructuring—2008/2009 actions expected to deliver \$66mm in annual savings by the end of 2010.**

\$66mm

\$200mm +

savings since 2001 with Six Sigma programs that improve product quality and reduce defects



Capitalizing on brands and distribution capabilities to introduce new aftermarket products such as brake pads and springs

**Global Supply Chain Management**

Leverage global spending + more low cost country sourcing due to growth in BRIC+T markets

- Brazil
- Russia
- India
- China
- Thailand

We employ a standard *Business Operating System* worldwide to continuously improve and adjust operations to market dynamics.

**Will maximize commercial vehicle growth by using existing manufacturing plants and equipment.**

30%

of European manufacturing is in Eastern Europe

Meet customer quality, cost and delivery targets with proven global program management process.





TEN ways we've strengthened  
**Operations**

One of Tenneco's key strategic initiatives is to advance operational excellence.

One of Tenneco's key strategic initiatives is to advance operational excellence with continuous improvements in quality, cost effectiveness, efficiency and customer service.

We are advancing operational excellence with:

- Low-cost country manufacturing strategies
- Global supply chain management
- Improved manufacturing through Lean and Six Sigma
- Optimization of our global footprint

 Close



Expanding some engineering and manufacturing to best-cost countries including China and India.

Respond quickly to market changes with restructuring—2008/2009 actions expected to deliver \$66mm in annual savings by the end of 2010.

**\$66mm**

**Global Supply Chain Management**

Leverage global spending + more low cost country sourcing due to growth in BRIC+T markets

- Brazil**
- Russia**
- India**
- China**
- Thailand**

**30%** of European manufacturing is in Eastern Europe

am management process.

Board of Directors



*Top row photos, left to right*

**Charles W. Cramb**<sup>1</sup>  
Vice Chairman, Chief Finance  
and Strategy Officer  
Avon Products, Inc.

**Dennis J. Letham**<sup>1</sup>  
Executive Vice President, Finance  
Chief Financial Officer  
Anixter Inc.

**Hari N. Nair**  
Executive Vice President  
President, International  
Tenneco Inc.

**Frank E. Macher**<sup>1</sup>  
Chief Executive Officer  
Ceres Group LLC

### Officers

**Gregg M. Sherrill**  
Chairman  
Chief Executive Officer

**Hari N. Nair**  
Executive Vice President  
President, International

**Kenneth R. Trammell**  
Executive Vice President  
Chief Financial Officer

**Neal A. Yanos**  
Executive Vice President  
North America

**Brent J. Bauer**  
Senior Vice President  
General Manager, North America  
Original Equipment Emission Control

**Michael J. Charlton**  
Senior Vice President  
Global Supply Chain  
Management and Manufacturing

**James D. Harrington**  
Senior Vice President  
General Counsel  
Corporate Secretary

**Roger B. Porter**<sup>2</sup>  
IBM Professor of Business and Government  
Master of Dunster House  
Harvard University

*Bottom row photos, left to right*

**David B. Price, Jr.**<sup>2</sup>  
Independent Consultant

**Gregg M. Sherrill**  
Chairman and Chief Executive Officer  
Tenneco Inc.

**Paul T. Stecko**<sup>2</sup>  
Chairman and Chief Executive Officer  
Packaging Corporation of America

**Timothy E. Jackson**  
Senior Vice President  
Chief Technology Officer

**Theo Bonneu**  
Vice President  
Controller, International

**Josep Fornos**  
Vice President  
General Manager, Europe  
Original Equipment Emission Control

**Maritza Gibbons**  
Vice President  
Strategy and Business Development

**Patrick Guo**  
Vice President  
Managing Director, China

**H. William Haser**  
Vice President  
Chief Information Officer

**Jeffrey L. Jarrell**  
Vice President, Managing Director  
Japan and Korea  
Global Original Equipment Business

**Barbara A. Kluth**  
Vice President  
Global Human Resources

**Mitsunobu Takeuchi**<sup>1</sup>  
Retired Chairman and  
Chief Executive Officer  
DENSO International Americas, Inc.

**Jane L. Warner**<sup>1,2</sup>  
Executive Vice President  
Illinois Tool Works Inc.

1 Audit Committee

2 Compensation/Nominating/Governance  
Committee

**Bold numbers** indicate the committee chair.

**John E. Kunz**  
Vice President  
Treasurer and Tax

**Guillermo Minuzzi**  
Managing Director  
South America

**Paul D. Novas**  
Vice President  
Controller

**James K. Spangler**  
Vice President  
Global Communications

**Kevin M. Swint**  
Vice President  
General Manager, North America  
Original Equipment Ride Control

**Karel Van Bael**  
Vice President  
General Manager, Europe  
Original Equipment Ride Control

## Investor Relations



### Corporate Information

Individuals interested in receiving the company's latest quarterly earnings press release or other company literature should write the Investor Relations Department at the corporate headquarters address, or call 847.482.5162.

Information about Tenneco Inc. is also available on the company's web site  
[www.tenneco.com](http://www.tenneco.com)\*

### Stock Listing

Tenneco's common stock is listed under the ticker symbol TEN.

TEN is traded primarily on the New York Stock Exchange and also on the Chicago Stock Exchange.

As of February 22, 2010, there were 21,015 stockholders of record of the company's common stock, par value \$0.01 per share.

### Investor Inquiries

Securities analysts, portfolio managers and representatives of financial institutions seeking information about the company should contact the Investor Relations department:  
847.482.5162.

### Dividends

The company expects that for the foreseeable future it will follow a policy of retaining earnings in order to finance the continued development of its business. Additional information on the company's dividend policy and restrictions on the payment of dividends can be found in Part II, Item 5 and in the Management's Discussion and Analysis in the Annual Report on Form 10-K for the year ended December 31, 2009.

### Revenue Projections

\*This revenue projection is as of February 2010, and we do not intend to update this projection until February 2011. Please see "Outlook" in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on form 10-K for the year ended December 31, 2009 for further information, assumptions and limitations.

### Annual Meeting

The Annual Meeting of Stockholders will be held at 10:00 a.m. Central Time on Wednesday, May 12, 2010, at Tenneco Inc. headquarters, 500 North Field Drive, Lake Forest, Illinois 60045.

### Corporate Headquarters

Tenneco Inc.  
500 North Field Drive  
Lake Forest, Illinois 60045  
847.482.5000  
[www.tenneco.com](http://www.tenneco.com)

### Stockholder Inquiries

For stockholder services such as exchange of certificates, issuance of certificates, lost certificates, change of address, change in registered ownership or share balance, write, call or e-mail the company's transfer agent:

Wells Fargo Bank, N.A.  
Shareowner Services  
161 N. Concord Exchange  
South St. Paul, MN 55075  
866.839.3259 (Toll Free)  
651.450.4064  
[www.wellsfargo.com/shareownerservices](http://www.wellsfargo.com/shareownerservices)

\*The information on our web site is not part of this annual report.

### Total Cumulative Return

Based upon an initial investment of \$100 on December 31, 2004 in stock or index, including reinvestment of dividends

At December 31	2009	2008	2007	2006	2005	2004
Tenneco Inc.	<b>\$102.84</b>	\$17.11	\$151.22	\$143.39	\$113.75	\$100.00
S&P 500 Index	<b>\$102.11</b>	\$80.74	\$128.16	\$121.48	\$104.91	\$100.00
Peer Group (see listing in 10-K)	<b>\$122.39</b>	\$70.79	\$161.42	\$121.18	\$104.24	\$100.00