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FIRST QUARTER 2015

Earnings Conference Call

April 27, 2015

Agenda

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• **Highlights and Strategic Overview**	**Gregg Sherrill** *Chairman & CEO*
• **Segment Results**	**Brian Kesseler** *Chief Operating Officer*
• **Financial Overview**	**Ken Trammell** *Chief Financial Officer*
• **Outlook**	**Gregg Sherrill**
• **Questions and Answers**	

Safe Harbor Statement / Non-GAAP Results:
Please see the safe harbor statement and the tables that reconcile GAAP results with non-GAAP results at the end of this presentation and in Tenneco's financial results press release, which is incorporated herein by reference.

First Quarter Overview

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$ Millions, except as noted

	1Q'15	1Q'14	B/(W)	% Change
Total Revenue	2,023	2,094	(71)	-3%
Value-add Revenue	1,559	1,610	(51)	-3%
Adjusted SGA&E † (% of Sales)	8.2%	8.3%	0.1%	1%
Adjusted EBIT †	125	123	2	2%
Adjusted EBIT † (% of VA Revenue)	8.0%	7.6%	0.4%	5%
Adjusted EBITDA *†	175	174	1	1%
Adjusted Net Income †	54	56	(2)	-4%
Adjusted EPS ($) †	0.88	0.91	(0.03)	-3%
Cash Flow From Operations	(50)	(140)	90	64%
Net Debt / Adjusted LTM EBITDA*†	1.2x	1.4x	0.2x	14%

* Including noncontrolling interests.
† Adjusted for restructuring activities and tax adjustments.

Structural Growth Drivers

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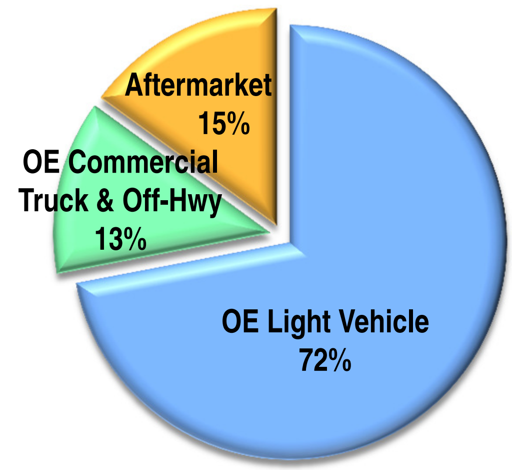
- Increasing global light vehicle industry production
- Emissions regulations which require new content to meet more stringent requirements
- Increased demand for MONROE® Intelligent Suspension technologies that differentiate vehicles
- Growing global car parc, which we serve with industry-leading aftermarket brands

Revenue

1Q 2015 Total Revenue



- **Total revenue $2,023M**
- **Excluding a 7% currency headwind, first quarter total revenue was up 4%**
  - OE light vehicle up 5%
  - OE commercial truck & off-highway up 1%
  - Aftermarket up 4%

- **Excluding substrates and currency, revenue up 5%**
  - Clean Air up 5%
  - Ride Performance up 3%

EBIT

- **Adjusted EBIT of $125M, up 2% despite lower revenue**
  – Includes $8M in negative currency comparison
  – Overall performance driven by strength of our LV business, particularly in China and Europe – launching new programs and capitalized on stronger volumes.
  – Incremental content on commercial truck and off-highway programs
  – Higher North America aftermarket sales
  – Benefits from our product cost leadership initiatives, restructuring savings and continued strong operational performance
- **VA adjusted EBIT margin increased 40 bps to 8.0%, continuing a trend of improved margins**

Clean Air Division

$ Millions

1Q 2015	North America	Europe SA & India	Asia Pacific	Total
Total revenue	$ 684	$ 457	$ 264	$ 1,405
Less: Substrate sales	240	164	60	464
Value-add revenue	$ 444	$ 293	$ 204	$ 941
Adjusted EBIT	$ 54	$ 11	$ 28	$ 93
Adjusted EBIT as a % of revenue	7.9%	2.4%	10.6%	6.6%
Adjusted EBIT as a % of value-add revenue	12.2%	3.8%	13.7%	9.9%

1Q 2014	North America	Europe SA & India	Asia Pacific	Total
Total Revenue	$ 698	$ 506	$ 240	$ 1,444
Less: Substrate sales	264	172	48	484
Value-add revenue	$ 434	$ 334	$ 192	$ 960
Adjusted EBIT	$ 56	$ 17	$ 20	$ 93
Adjusted EBIT as a % of revenue	8.0%	3.4%	8.3%	6.4%
Adjusted EBIT as a % of value-add revenue	12.9%	5.1%	10.4%	9.7%

Clean Air Division – Revenue

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- **Clean Air VA revenue of $941M, down 2%; ex-fx up 5%**
  - NA VA revenue $444M, up 2%; excluding currency up 3%:
    - Increased off-hwy revenue, additional content on programs with CAT and Deere
    - Strong growth in aftermarket revenue
    - LV revenue growth tempered from customer downtime and a platform changeover
  - ESI VA revenue $293M, down 12%; excluding currency up 7%:
    - Strong LV revenue growth in Europe and South America, including ramp-up on new programs in Europe
    - Slightly higher Europe commercial truck & off-highway revenue driven by additional content to meet Stage 4 off-highway regulations, despite weak market conditions
    - Offsetting weak markets for AM product in Europe and further weakening in South America commercial truck production
  - Asia Pacific VA revenue $204M, up 6%; excluding currency up 9%:
    - Strong growth in China LV driven by our platform mix and ramp-up of new business
    - Continued to penetrate the China commercial truck market with content for compliance with NS4 regulations, however commercial truck production volumes declined 30% year-over-year

Clean Air Division – EBIT

- **Total Clean Air adjusted EBIT of $93M, even with last year, includes $2M in negative currency comparison**
  - NA adjusted EBIT of $54M, down 4%
  - ESI adjusted EBIT of $11M, down 35%
  - Asia Pac adjusted EBIT of $28M, up 40%
- **Clean Air VA adjusted EBIT margin improved 20 bps to 9.9%**

Ride Performance Division

$ Millions

1Q 2015

	North America	Europe SA & India	Asia Pacific	Total
Total revenue	$ 331	$ 230	$ 57	$ 618
Less: Substrate sales	-	-	-	-
Value-add revenue	$ 331	$ 230	$ 57	$ 618
Adjusted EBIT	$ 35	$ 11	$ 10	$ 56
Adjusted EBIT as a % of value-add revenue	10.6%	4.8%	17.5%	9.1%

1Q 2014

	North America	Europe SA & India	Asia Pacific	Total
Total Revenue	$ 335	$ 263	$ 52	$ 650
Less: Substrate sales	-	-	-	-
Value-add revenue	$ 335	$ 263	$ 52	$ 650
Adjusted EBIT	$ 30	$ 18	$ 7	$ 55
Adjusted EBIT as a % of value-add revenue	9.0%	6.8%	13.5%	8.5%

Ride Performance Division – Revenue

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- **Ride Performance revenue of $618M, down 5%; ex-fx up 3%**
  - NA revenue $331M, down 1%; excluding currency about even:
    - Strong commercial truck and aftermarket revenue growth
    - Offset a decline in LV revenue due to customer downtime on several platforms
  - ESI revenue $230M, down 13%; excluding currency up 5%:
    - LV growth in Europe with new platforms, including MONROE® Intelligent Suspension technologies on the new VW Golf and Volvo XC90
    - Higher LV revenues in South America due to new platforms and a positive mix in a very weak production environment
    - More than offset lower Europe aftermarket sales driven by weak market conditions
  - Asia Pacific revenue $57M, up 10%; excluding currency up 15%:
    - Higher China LV volumes and our strong platform mix of shock and elastomer programs

Ride Performance Division – EBIT

- **Total Ride Performance adjusted EBIT of $56M, up 2%, includes $6M in negative currency comparison**
  - NA adjusted EBIT of $35M, up 17%
  - ESI adjusted EBIT of $11M, down 39%
  - Asia Pac adjusted EBIT of $10M, up 43%
- **Ride Performance adjusted EBIT margin improved 60 bps to 9.1%**
  - Higher North America AM sales and commercial truck revenue
  - Light vehicle revenue growth in line with industry production
  - Benefit from global product cost leadership initiatives

First Quarter Adjustments

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- **Restructuring and related expense of $5M pre-tax, or 7-cents per diluted share**
  - European cost reduction initiative update
    - In 1Q'15 recorded $3M in costs in Europe Ride Performance and $1M in Europe Clean Air
    - 1Q'15 savings run rate even with 4Q'14, but at current rates is $8M
    - Expect to reach $60M annual savings during 2016, although currency translation is likely to impact the number
- **Net tax charge of $1M, or 1-cent per diluted share, for tax adjustments to prior year estimates**

Tax and Interest Expense

- **Tax expense of $41M**
  - Includes tax benefits of $1M on restructuring charges and an offsetting $1M of net tax expense for adjustments to prior year estimates
  - Before those 1Q items, adjusted tax expense is $41M for an effective tax rate of 38% in the quarter
  - In 2015 we continue to expect an effective tax rate in the range of 33% - 36% for the full year and expect the second quarter rate to be within that range
- **1Q net tax payments were $0 due to a tax refund of $25M**
  - In 2015, we still expect cash taxes in the range of $150M to $175M
- **Interest expense of $16M, a 16% improvement from $19M last year due to lower interest rates from our December refinancing**
  - We now expect annual interest expense will be between $70M - $75M

Debt and Cash Position

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$ Millions	March 31, 2015	March 31, 2014
Total Debt[1]	$ 1,260	$ 1,293
Cash Balances	288	273
Net Debt	$ 972	$ 1,020

- **Net debt / Adjusted EBITDA* ratio improved to 1.2x from 1.4x a year ago**
- **Continue to target a leverage ratio of 1.0x**

* Including noncontrolling interests

[1] In April 2015, the FASB issued Accounting Standard Update 2015-03, Simplifying the Presentation of Debt Issuance Costs, which requires debt issuance costs to be presented in the balance sheet as a direct deduction from the associated debt liability. Tenneco adopted this standard for the first quarter of 2015 and applied retrospectively. The balance for unamortized debt issuance costs was $25 million and $22 million at March 31,2015 and March 31, 2014, respectively.

Cash Flow

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- **Cash used from operations of $50M in the quarter, improving $90M compared to last year**
  - Effectively managed working capital, overall metrics in line with last year
  - Lower interest and tax payments

Working Capital Metrics (L3M):

	1Q'15	1Q'14	B(W)
DSO excl. factoring	64	63	(1)
DOH	38	38	-
DPO	74	73	1

- **Capital expenditures of $70M, about even with last year, support our structural growth**
  - Still expect 2015 capital investments between $300M and $320M
- **Repurchased 192,000 shares in the quarter for $11 million**

Light Vehicle Production – YoY% Change

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Major Regions	1Q'15	2Q'15	FY'15
North America	2%	3%	2%
Europe	2%	-2%	0%
South America	-14%	-5%	-9%
India	6%	4%	6%
China	6%	8%	7%
Total of All Tenneco Regions*	3%	3%	3%

Source: IHS Automotive production forecast (April 2015)

* Change in light vehicle production in all regions in which Tenneco operates.

Outlook

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- **In 2Q we expect total revenue growth of about 5%, excluding currency**
  - Expect a currency headwind of ~9% based on current exchange rates
  - Global industry light vehicle production forecasted up 3%*
- **Reaffirming full year revenue guidance for total revenue growth of 5% to 8%, excluding currency**
- **Clean Air revenue drivers**
  - Well-positioned to leverage higher light vehicle volumes with content on strong-selling vehicles worldwide and continuing to ramp-up on new launches
  - Additional content for commercial trucks and off-highway equipment
    - No change in incremental content on programs to meet Tier 4 final and Stage 4 off-hwy regs in NA and Europe
    - Positive content contribution in China for NS4 commercial truck regulations
    - Launching new programs in Japan with Kubota for export to NA and Europe
    - Ramping up AGCO off-highway business
    - Launching a US-10 compliant system on medium duty truck program in NA
- **Ride Performance revenue drivers**
  - Well-positioned to leverage higher light vehicle volumes with our strong platform mix
  - Continue to benefit from our MONROE® Intelligent Suspension technologies on an increasing number of vehicle models
  - Expect a solid contribution from the aftermarket in the second quarter, led by NA Ride Performance. Nearly 40% of Ride Performance revenue is aftermarket.

*Source: IHS Automotive production forecast (April 2015)

Appendix:
Pension and OPEB

$ Millions

Pension	2012	2013	2014*	1Q'15	2015E
Defined Benefit Expense	$21	$26	$15	$4	$15
Defined Benefit Contributions	$48	$57	$46	$4	$31

OPEB	2012	2013	2014	1Q'15	2015E
Expense	$6	$3	$3	$1	$7
Cash Payments	$10	$8	$8	$2	$9

* Does not include settlement or curtailment amounts

Appendix:

Debt Compliance as of March 31, 2015

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- **Leverage ratio**
  - Result: 1.41
  - Test: maintain below 3.50
- **Interest coverage ratio**
  - Result: 11.95
  - Test: maintain above 2.75
- **EBITDA cushion of $470M against tightest covenant ratio**
- **Current performance would meet our tightest covenant ratios through the expiration of the senior credit facility in 2019**

Adjusted SGA&E as a Percentage of Sales – Reconciliation of Non-GAAP Results

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$ Millions, Unaudited

	Q1 15	Q1 14
SGA&E	$ 166	$ 174
Adjustments (reflect non-GAAP[1] measures)		
Restructuring and related expenses	(1)	–
Adjusted SGA&E (non-GAAP financial measures)[2]	**$ 165**	**$ 174**
Adjusted SGA&E (% of Sales)	8.2%	8.3%

(1) Generally Accepted Accounting Principles

(2) Tenneco presents the above reconciliation of GAAP to non-GAAP financial measures primarily to reflect the results 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 financial 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 financial 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.

Tenneco's Revenue Projections

Tenneco's revenue projections are as of January 2015, and the company does not otherwise intend to update these projections until January 2016. Revenue assumptions are based on projected customer production schedules, IHS Automotive January 2015 forecasts and Power Systems Research January 2015 forecasts.

In addition to the information set forth on this slide, Tenneco's revenue projections are based on the type of information set forth under "Outlook" in Item 7 – "Management's Discussion and Analysis of Financial Condition and Results of Operations" as set forth in Tenneco's Annual Report on Form 10-K for the year ended December 31, 2014. Please see that disclosure for further information. Key additional assumptions and limitations described in that disclosure include:

- Revenue projections are based on original equipment manufacturers' programs that have been formally awarded to the company; programs where the company is highly confident that it will be awarded business based on informal customer indications consistent with past practices; and Tenneco's status as supplier for the existing program and its relationship with the customer.
- Revenue projections are based on the anticipated pricing of each program over its life.
- Revenue projections assume a fixed foreign currency value. This value is used to translate foreign business to the U.S. dollar.
- Revenue projections are subject to increase or decrease due to changes in customer requirements, customer and consumer preferences, the number of vehicles actually produced by our customers, pricing and foreign currency.