TENNECO INC
Form 424B2
November 18, 2009

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This preliminary prospectus supplement and the information contained herein are subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. This preliminary prospectus supplement and the accompanying prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

Subject to Completion, dated November 17, 2009

Filed Pursuant to Rule 424(b)(2)
Registration No. 333-159305

PRELIMINARY PROSPECTUS SUPPLEMENT
(To Prospectus dated May 29, 2009)

10,000,000 Shares

Tenneco Inc.

Common Stock

We are offering 10,000,000 shares of our common stock, par value $0.01 per share.

The common stock of Tenneco Inc., which we refer to in this prospectus supplement as Tenneco, is listed on the New York Stock Exchange under the symbol TEN. The last reported sale price of the common stock on November 17, 2009 was $15.94 per share.

	Per Share	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to us	$	$

Investing in our common stock involves risks. See Risk Factors on page S-6 and included in the accompanying prospectus to read about factors you should consider before buying shares of the common stock. You should also consider the risk factors described in the documents incorporated by reference into this prospectus supplement and the accompanying prospectus.

Neither the Securities and Exchange Commission (the SEC) nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

To the extent that the underwriters sell more than 10,000,000 shares of common stock, the underwriters have the option to purchase up to an additional 1,500,000 shares from us at the offering price less the underwriting discount. If the underwriters exercise this option in full, the total underwriting discounts and commissions will be $ and total proceeds, before expenses, to Tenneco, will be $.

The underwriters expect to deliver the shares against payment in New York, New York on or about November , 2009.

Joint Book-Running Managers

J.P. Morgan **BofA Merrill Lynch** **Deutsche Bank Securities**

Prospectus Supplement dated November , 2009.

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You should rely only on the information contained in or incorporated by reference in this prospectus supplement or the accompanying prospectus and any free writing prospectus we have authorized for use in connection with this offering. We have not, and the underwriters have not, authorized any other person to provide you with information that is different. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer of this common stock in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained in this prospectus supplement, the accompanying prospectus, any free writing prospectus, or the documents incorporated by reference in this prospectus supplement, the accompanying prospectus or any free writing prospectus is accurate as of any date other than their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

Before you invest in our common stock, you should read the registration statement described in the accompanying prospectus (including the exhibits thereto) of which this prospectus supplement and the accompanying prospectus form a part, as well as this prospectus supplement, the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The documents incorporated by reference are described in this prospectus supplement under Documents incorporated by reference into this prospectus supplement and Where you can find more information in the accompanying prospectus.

If the information set forth in this prospectus supplement varies in any way from the information set forth in the accompanying prospectus, you should rely on the information contained in this prospectus supplement. If the information set forth in this prospectus supplement varies in any way from the information set forth in a document we have incorporated by reference, you should rely on the information in the more recent document.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes certain matters relating to us and the specific terms of this offering and also adds to and updates information contained in the accompanying prospectus and documents incorporated by reference herein.

The second part, the accompanying prospectus dated May 29, 2009, gives more general information about securities we may offer from time to time, some of which may not apply to the common stock offered by this prospectus supplement and the accompanying prospectus. For information about our common stock, see Description of Common Stock in the accompanying prospectus.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this prospectus supplement or the documents incorporated by reference into this prospectus supplement constitute forward-looking statements as that term is defined under Section 21E of the Securities Exchange Act of 1934, as amended, concerning, among other things, the prospects and developments of our company and business strategies for our operations, all of which are subject to risks and uncertainties. These forward-looking statements are included in various sections of this prospectus supplement and the documents incorporated by reference herein. They are identified as forward-looking statements or by their use of terms (and variations thereof) such as will, may, can, anticipate, intend, continue, estimate, expect, plan, should, outlook, believe and se variations thereof) and phrases.

Our actual results may differ materially from those anticipated in these forward-looking statements. These forward-looking statements are affected by risks, uncertainties and assumptions that we make, including among other things, the factors that are described in Risk Factors and:

- general economic, business and market conditions, including without limitation the severe financial difficulties facing a number of companies in the automotive industry as a result of the current global economic crisis and the potential impact thereof on labor unrest, supply chain disruptions, weakness in demand and the collectibility of any accounts receivable due to us from such companies;

- our ability to access the capital or credit markets and the costs of capital, including the recent global financial and liquidity crisis, changes in interest rates, market perceptions of the industries in which we operate or ratings of securities;

- the recent volatility in the credit markets, the losses which may be sustained by our lenders due to their lending and other financial relationships and the general instability of financial institutions due to a weakened economy;

- changes in consumer demand, prices and our ability to have our products included on top selling vehicles, such as the significant shift in consumer preferences from light trucks, which tend to be higher margin products for our customers and us, to other vehicles in light of higher fuel cost and the impact of the current global economic crisis, and other factors impacting the cyclicality of automotive production and sales of automobiles which include our products, and the potential negative impact on our revenues and margins from such products;

changes in automotive manufacturers production rates and their actual and forecasted requirements for our products, such as the significant production cuts over the past year by automotive manufacturers in response to difficult economic conditions;

the overall highly competitive nature of the automotive parts industry, and any resultant inability to realize the sales represented by our awarded book of business (which is based on anticipated pricing for the applicable program over its life, and is subject to increases or decreases due to changes in customer requirements, customer and consumer preferences, and the number of vehicles actually produced by customers);

the loss of any of our large original equipment manufacturer (OEM) customers (on whom we depend for a substantial portion of our revenues), or the loss of market shares by these customers if we are unable to achieve increased sales to other OEMs;

labor disruptions at our facilities or any labor or other economic disruptions at any of our significant customers or suppliers or any of our customers other suppliers (such as the 2008 strike at American Axle, which disrupted our supply of products for significant General Motors platforms);

increases in the costs of raw materials, including our ability to successfully reduce the impact of any such cost increases through materials substitutions, cost reduction initiatives, low cost country sourcing, and price recovery efforts with aftermarket and OEM customers;

the cyclical nature of the global vehicle industry, including the performance of the global aftermarket sector and the longer product lives of automobile parts;

our continued success in cost reduction and cash management programs and our ability to execute restructuring and other cost reduction plans and to realize anticipated benefits from these plans;

costs related to product warranties;

the impact of consolidation among automotive parts suppliers and customers on our ability to compete;

operating hazards associated with our business;

changes in distribution channels or competitive conditions in the markets and countries where we operate, including the impact of changes in distribution channels for aftermarket products on our ability to increase or maintain aftermarket sales;

the negative impact of higher fuel prices and overall market weakness on discretionary purchases of aftermarket products by consumers;

the cost and outcome of existing and any future legal proceedings;

economic, exchange rate and political conditions in the foreign countries where we operate or sell our products;

customer acceptance of new products;

new technologies that reduce the demand for certain of our products or otherwise render them obsolete;

our ability to realize our business strategy of improving operating performance;

our ability to successfully integrate any acquisitions that we complete;

changes by the Financial Accounting Standards Board or the SEC of authoritative generally accepted accounting principles or policies;

changes in accounting estimates and assumptions, including changes based on additional information;

potential legislation, regulatory changes and other governmental actions, including the ability to receive regulatory approvals and the timing of such approvals;

the impact of changes in and compliance with laws and regulations, including environmental laws and regulations, environmental liabilities in excess of the amount reserved, the adoption of the current mandated timelines for worldwide emission regulation and any changes to the timing of the funding requirements for our pension and other postretirement benefit liabilities;

the potential impairment in the carrying value of our long-lived assets and goodwill or our deferred tax assets;

potential volatility in our effective tax rate;

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acts of war and/or terrorism, including, but not limited to, the current military action in Iraq and Afghanistan, and the continuing war on terrorism, as well as actions taken or to be taken by the United States and other governments as a result of further acts or threats of terrorism, and the impact of these acts on economic, financial and social conditions in the countries where we operate; and

the timing and occurrence (or non-occurrence) of other transactions, events and circumstances which may be beyond our control.

Where, in any forward-looking statement, we or our management expresses an expectation or belief as to future results, we express that expectation or belief in good faith and believe it has a reasonable basis, but we can give no assurance that the statement of expectation or belief will result or be achieved or accomplished.

You should be aware that any forward-looking statement made by us in this prospectus supplement, the accompanying prospectus or in the documents incorporated by reference into this prospectus supplement or the accompanying prospectus or elsewhere speaks only as of the date on which we make it. New risks and uncertainties come up from time to time, and it is impossible for us to predict these events or how they may affect us. Except as otherwise required to be disclosed in periodic reports required to be filed by public companies with the SEC pursuant to the SEC s rules, we have no duty to update or revise these forward-looking statements. In light of these risks and uncertainties, you should keep in mind that any scenarios or results contained in any forward-looking statement made in this prospectus supplement or the accompanying prospectus or in the documents incorporated by reference into this prospectus supplement or the accompanying prospectus or elsewhere might not occur.

MARKET, RANKING AND OTHER DATA

In this prospectus supplement or the accompanying prospectus and in the documents incorporated by reference herein and therein, we refer to information regarding market data obtained from internal sources, market research, publicly available information and industry publications. Estimates are inherently uncertain, involve risks and uncertainties and are subject to change based on various factors, including those discussed under the caption Risk factors in this prospectus supplement and the accompanying prospectus.

PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights selected information contained elsewhere in this prospectus supplement. Because this is only a summary, it may not contain all of the information you should consider in making your investment decision. To understand all of the terms of this offering and for a more complete understanding of our business, you should carefully read this entire prospectus supplement, particularly the section entitled Risk Factors section beginning on Page S-6 of this prospectus supplement, Page 1 of the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus before making an investment decision. In this prospectus supplement, except as the context otherwise indicates, the words we, our, and us refer to Tenneco Inc. and its subsidiaries.

Our Company

Tenneco Inc. is one of the world s largest producers of automotive emission control and ride control products and systems. We serve both original equipment manufacturers (OEMs) and replacement markets, also known as the aftermarket, worldwide through leading brands, including Monroe®, Rancho®, Clevite® Elastomers and Fric Rot™ ride control products and Walker®, Fonos™ and Gillet™ emission control products.

As an automotive parts supplier, we produce individual component parts for vehicles as well as groups of components that are combined as modules or systems within vehicles. These parts, modules and systems are sold globally to most leading OEMs and throughout aftermarket distribution channels. As of December 31, 2008, we operated 83 manufacturing facilities and 14 engineering and technical centers around the world, and sold and distributed our products to customers located in more than 100 countries. For fiscal year ended December 31, 2008 and the nine months ended September 30, 2009, we generated approximately 56 percent and 54 percent, respectively, of our net sales outside of North America, including in expanding markets such as China and Eastern Europe.

We manufacture and sell emission control components, such as mufflers, catalytic converter shells, fabricated manifolds, pipes, exhaust heat exchangers, diesel particulate filters and complete exhaust systems. These products play a critical role in reducing the level of pollutants in engine emissions and managing engine exhaust noise. Emission control products accounted for 67 percent and 62 percent of our net sales for fiscal year ended December 31, 2008 and the nine months ended September 30, 2009, respectively. We also manufacture and sell ride control products, such as shock absorbers, struts, vibration control components and suspension systems. These products are designed to function as safety components for vehicles, provide a comfortable ride and improve vehicle stability and handling. Ride control products accounted for 33 percent and 38 percent of our net sales for fiscal year ended December 31, 2008 and the nine months ended September 30, 2009, respectively.

In the original equipment (OE) market, we serve a global customer base of more than 37 different OEMs that includes General Motors (GM), Ford Motor Co. (Ford), Volkswagen, PSA Peugeot Citroen, Daimler, Nissan, Toyota, Chrysler LLC (Chrysler) and Honda. The OE business accounted for 81 percent and 76 percent of our net sales in fiscal year ended December 31, 2008 and the nine months ended September 30, 2009, respectively. We believe our sales across our OEM customer base are diversified for our industry, with our largest customers, GM, Ford, Volkswagen and Daimler AG accounting for 20 percent, 11 percent, 8 percent and 7 percent, respectively, of our net sales in fiscal year ended December 31, 2008.

During 2008, our aftermarket customers were comprised of full-line and specialty warehouse distributors, retailers, jobbers, installer chains and car dealers. These customers included such wholesalers and retailers as National Auto Parts Association (NAPA), Advance Auto Parts, Uni-Select and O Reilly Automotive in North America and Temot

International, Group Auto Union, Kwik-Fit Europe and Auto Distribution International in Europe. We believe we have a balanced mix of aftermarket customers, with our aftermarket sales accounting for 19 percent and 24 percent of our net sales for fiscal year ended December 31, 2008 and the nine months ended September 30, 2009, respectively. During 2008, our top 10 aftermarket customers accounted for 41 percent of our net aftermarket sales.

Corporate Information

We were incorporated in the state of Delaware in 1996. Our principal executive offices are located at 500 North Field Drive, Lake Forest, Illinois 60045. Our telephone number is (847) 482-5000 and our website can be accessed at www.tenneco.com. Information contained on our website does not constitute part of this prospectus supplement or the accompanying prospectus.

THE OFFERING

The following summary contains basic information about this offering. The summary is not intended to be complete. You should read the full text and more specific details contained elsewhere in this prospectus supplement and the accompanying prospectus. For a more detailed description of our common stock see the Description of Common Stock section of the accompanying prospectus.

Issuer	Tenneco Inc.
Common stock offered by us	10,000,000 shares
Common stock outstanding immediately following this offering	57,361,408 shares(1)
Option to purchase additional shares	1,500,000 shares
Use of proceeds	Our net proceeds from this offering are estimated to be approximately $151 million (or $174 million if the underwriters option to purchase additional shares is exercised in full) after deducting underwriting discounts and estimated offering expenses. The net proceeds from this offering are expected to be used to repay outstanding borrowings under our revolving credit facility (without reducing the commitments under the revolving credit facility) and for general corporate purposes. See Use of proceeds on page S-18.
New York Stock Exchange symbol for our common stock	TEN
United States federal income and estate Tax consequences	For a discussion of certain United States federal income and estate tax consequences of the acquisition, holding and disposition of shares of our common stock, see Certain U.S. federal income and estate tax considerations.
Risk factors	See Risk factors beginning on page S-6 and the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus for a discussion of certain factors you should carefully consider before deciding to invest in shares of our common stock.
Conflicts of interest	Certain of the underwriters and their respective affiliates have in the past and may in the future perform various financial advisory, investment banking and other services for us, our affiliates and our officers in the ordinary course of business, for which they received and will receive customary fees and expenses. The underwriters and their affiliates may, from time to time in the future, engage in transactions with and perform services for us and our affiliates in the ordinary course of their business. In particular, affiliates of most of the underwriters are lenders and/or agents under our senior credit facility. These affiliates will receive their respective share of any repayment by us of amounts outstanding under our

senior credit facility from the proceeds of this offering. Because we intend to use the net proceeds from this offering to reduce indebtedness owed by us under our senior credit facility, each of the underwriters whose affiliates will receive at least 5% of the net proceeds is considered by the Financial Industry Regulatory Authority, or

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FINRA, to have a conflict of interest with us in regards to this offering. However, no qualified independent underwriter is needed for this offering because there is a bona fide public market for our common stock as defined in NASD Conduct Rule 2720(f)(3).

(1) The number of shares of common stock that will be outstanding immediately following this offering, as described below, is based on the number of shares outstanding as of September 30, 2009 and excludes:

- 3,679,921 shares of common stock issuable upon the exercise of outstanding stock options at a weighted average exercise price of $12.87 per share as of September 30, 2009;
- 2,547,098 shares of common stock available for future stock award grants as of September 30, 2009; and
- 1,500,000 shares of common stock issuable pursuant to the exercise of the underwriters over-allotment option.

Unless otherwise stated, all information in this prospectus supplement assumes no exercise of the underwriters over-allotment option.

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Summary Financial Data

The following tables set forth our summary financial data. The summary financial data for and as of the nine months ended September 30, 2009 and 2008 have been derived from, and should be read together with, our unaudited condensed consolidated financial statements and the related notes contained in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2009, which is incorporated by reference in this prospectus supplement. The unaudited condensed consolidated financial statements have been prepared on the same basis as our audited consolidated financial statements and, in the opinion of our management, reflect all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of this data. The results for any interim period are not necessarily indicative of the results that may be expected for a full year or any future reporting period. The summary financial data for and as of the years ended December 31, 2008, 2007 and 2006 have been derived from, and should be read together with, our audited consolidated financial statements and the related notes contained in our Annual Report on Form 10-K for the year ended December 31, 2008, which is incorporated by reference in this prospectus supplement. The historical results presented below are not necessarily indicative of the results to be expected for any future period. You should read the following tables together with 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, 2008 and our Quarterly Report on Form 10-Q for the quarter ended September 30, 2009, and our historical financial statements and the related notes, which are incorporated by reference in this prospectus supplement.

	Year Ended December 31,			Nine Months Ended September 30, (unaudited)	
	2008	2007	2006	2009	2008
	(Millions except share and per share amounts)				
Revenues					
Net sales and operating revenues	$ 5,916	$ 6,184	$ 4,682	$ 3,327	$ 4,708
Costs and expenses					
Cost of sales (exclusive of depreciation and amortization shown below)	5,063	5,210	3,836	2,783	4,007
Goodwill impairment charge	114				
Engineering, research and development	127	114	88	72	99
Selling, general and administrative	392	399	373	256	294
Depreciation and amortization of intangibles	222	205	184	162	168
	5,918	5,928	4,481	3,273	4,568
Other income (expense)					
Loss of sale of receivables	(10)	(10)	(9)	(6)	(7)
Other income	9	6	4	(9)	9
	(1)	(4)	(5)	(15)	2
	(3)	252	196	39	142

Income (loss) before interest expense, income taxes, and noncontrolling interests										
Interest expense (net of interest capitalized of $6 million, $6 million, $6 million, $3 million and $5 million respectively)		113		164		136		101		88
Income tax expense		289		83		5		18		163
Net income (loss)		(405)		5		55		(80)		(109)
Less: Net income attributable to noncontrolling interests		10		10		6		10		8
Net income (loss) attributable to Tenneco	$	(415)	$	(5)	$	49	$	(90)	$	(117)

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	Year Ended December 31, 2008	2007	2006	Nine Months Ended September 30, (unaudited) 2009	2008
	(Millions except share and per share amounts)				
Earnings (loss) per share					
Weighted average shares of common stock outstanding					
Basic	46,406,095	45,809,730	44,625,220	46,694,885	46,359,051
Diluted	46,406,095	45,809,730	46,755,573	46,694,885	46,359,051
Basic earnings (loss) per share of common stock	$ (8.95)	$ (0.11)	$ 1.11	$ (1.93)	$ (2.53)
Diluted earnings (loss) per share of common stock	$ (8.95)	$ (0.11)	$ 1.05	$ (1.93)	$ (2.53)
Financial Position (at period end)					
Total assets	$ 2,828	$ 3,590		$ 2,939	
Total liabilities	3,048	3,159		3,152	
Total debt (including short-term debt and current portion of long-term debt)	1,451	1,374		1,468	
Redeemable noncontrolling interests	7	6		5	
Total equity	(227)	425		(218)	
Other					
Capital expenditures	221	198		71	

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RISK FACTORS

Our business is subject to a number of important risks and uncertainties, some of which are described below. The risks described below, however, are not the only risks that we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also impair our business operations. Any of these risks may have a material adverse effect on our business, financial condition, results of operations and cash flows. In such a case, you may lose all or part of your investment in our common stock. You should carefully consider the risks below, together with the other information in or incorporated by reference in this prospectus supplement and the accompanying prospectus prior to investing in our common stock.

Risks Related to Our Business

The recent unprecedented deterioration in the global economy, global credit markets and the financial services industry has severely and negatively affected the automotive industry and our business, financial position and liquidity. The current economic crisis arising out of the subprime mortgage market collapse and the resulting worldwide financial industry turmoil has resulted in a severe and global tightening of credit and liquidity crisis. As a result, nearly every major economy in the world now faces a widespread reduction of business activity, seized-up credit markets and rising unemployment. These conditions have led to a dramatic decline in the housing markets in the United States and Western Europe and low consumer confidence, which has resulted in delayed and reduced purchases of durable consumer goods such as automobiles. As a result, our OEM customers significantly reduced their production schedules. Light vehicle production during the first nine months of 2009 decreased by 41 percent in North America and 29&#1