

TENNECO INC
Form DEF 14A
April 03, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934**

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Tenneco Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Edgar Filing: TENNECO INC - Form DEF 14A

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
- .. Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - 1) Title of each class of securities to which transaction applies:

 - 2) Aggregate number of securities to which transaction applies:

 - 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

 - 4) Proposed maximum aggregate value of transaction:

 - 5) Total fee paid:
- .. Fee paid previously with preliminary materials.
- .. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
 - 1) Amount Previously Paid:

 - 2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

Persons who are to respond to the collection of information contained in this form are not required to respond unless SEC 1913 (02-02) the form displays a currently valid OMB control number.

Tenneco Inc.

500 North Field Drive

Lake Forest, Illinois 60045

(847) 482-5000

April 3, 2013

To the Stockholders of Tenneco Inc.:

The Annual Meeting of Stockholders of Tenneco Inc. will be held Wednesday, May 15, 2013, at 10:00 a.m., local time, at our headquarters located at 500 North Field Drive, Lake Forest, Illinois 60045.

Holders of common stock are entitled to vote at the Annual Meeting on the basis of one vote for each share held.

We are pleased to take advantage of Securities and Exchange Commission rules that allow us to furnish these proxy materials and our Form 10-K to stockholders on the Internet. We believe that posting these materials on the Internet enables us to provide stockholders with the information that they need more quickly, while lowering our costs of printing and delivery and reducing the environmental impact of our Annual Meeting.

A record of our activities for the year 2012 is contained in our Form 10-K, which you may access by following the instructions contained in our Notice of Internet Availability of Proxy Materials. We urge each stockholder who cannot attend the Annual Meeting to please assist us in preparing for the meeting by following the voting procedures contained in the Notice of Internet Availability of Proxy Materials, proxy card or voting instruction form.

Very truly yours,

GREGG M. SHERRILL

Chairman and Chief Executive Officer

Tenneco Inc.

500 North Field Drive

Lake Forest, Illinois 60045

(847) 482-5000

**NOTICE OF
ANNUAL MEETING OF STOCKHOLDERS**

May 15, 2013

The Annual Meeting of Stockholders of Tenneco Inc. will be held at our headquarters located at 500 North Field Drive, Lake Forest, Illinois 60045 on Wednesday, May 15, 2013, at 10:00 a.m., local time.

The purposes of the meeting are:

1. To elect eight directors for a term to expire at the 2014 Annual Meeting of Stockholders;
2. To consider and act upon a proposal to ratify the appointment of PricewaterhouseCoopers LLP as independent public accountants for 2013;
3. To approve the Amended and Restated Tenneco Inc. 2006 Long-Term Incentive Plan;
4. To cast an advisory vote to approve our executive compensation; and
5. To consider and act upon such other matters as may properly be brought before the meeting, or any adjournment or postponement thereof.

The Board of Directors knows of no other matters at this time that may be brought before the meeting. Holders of common stock of record at the close of business on March 18, 2013 are entitled to vote at the meeting. A list of these stockholders will be available for inspection for 10 days preceding the meeting at our headquarters located at 500 North Field Drive, Lake Forest, Illinois 60045, and also will be available for inspection at the meeting.

We are pleased to take advantage of Securities and Exchange Commission rules that allow us to furnish these proxy materials and our Form 10-K on the Internet. Stockholders of record have been mailed a Notice of Internet Availability of Proxy Materials (the "Notice"), which provides stockholders with instructions on how to access the proxy materials and our Form 10-K, on the Internet, and, if they prefer, how to request paper copies of these materials. Plan participants who hold shares in their Tenneco 401(k) accounts and other stockholders who have previously requested paper copies of these materials may receive these materials by email or in paper. We believe that posting these materials on the Internet enables us to provide stockholders with the information that they need more quickly, while lowering our costs of printing and delivery and reducing the environmental impact of our Annual Meeting.

As a stockholder of Tenneco Inc., your vote is important. All stockholders are cordially invited to attend the Annual Meeting. Whether or not you are able to attend the Annual Meeting in person, it is important that your shares be represented. Please vote as soon as possible as instructed in the Notice, proxy card or voting instruction form.

By Order of the Board of Directors

JAMES D. HARRINGTON
Corporate Secretary

Lake Forest, Illinois

April 3, 2013

Tenneco Inc.

500 North Field Drive

Lake Forest, Illinois 60045

(847) 482-5000

April 3, 2013

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD MAY 15, 2013

The Board of Directors of Tenneco Inc. (which we refer to as we, us, our, Tenneco or our company) has made these proxy materials available to you on the Internet, or, upon your request, has delivered printed versions of these materials to you by mail. We first released these proxy materials to our stockholders on or about April 3, 2013. We are furnishing this proxy statement in connection with the solicitation by our Board of Directors of proxies to be voted at the Annual Meeting of Stockholders on May 15, 2013, or at any adjournment or postponement thereof.

IMPORTANT NOTICE REGARDING THE

AVAILABILITY OF PROXY MATERIALS FOR THE

ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON MAY 15, 2013

Pursuant to the notice and access rules adopted by the Securities and Exchange Commission, we have elected to provide stockholders access to our proxy materials over the Internet. Accordingly, we mailed a Notice of Internet Availability of Proxy Materials (the Notice) on April 3, 2013 to our stockholders of record. The Notice provides you with instructions regarding how to:

View our proxy materials for the Annual Meeting and our Form 10-K (which includes our audited financial statements) on the Internet at www.proxyvote.com;

Instruct us to provide our future proxy materials to you electronically by email; and

If you prefer, request a printed set of the proxy materials and Form 10-K.

Plan participants who hold Tenneco shares in their 401(k) accounts and other stockholders who have previously requested paper copies of these materials may receive these materials by email or in paper. We elected to use electronic notice and access for our proxy materials because we believe this process will reduce our printing and mailing costs and, by reducing the amount of printed materials, will reduce the environmental impact of our annual stockholders meetings. Choosing to receive your future proxy materials by email will help us in these efforts. If you choose to receive future proxy materials by email, you will receive an email next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by email will remain in effect until you terminate it.

QUESTIONS AND ANSWERS ABOUT

THIS PROXY STATEMENT AND THE ANNUAL MEETING

What is the purpose of the Annual Meeting?

Edgar Filing: TENNECO INC - Form DEF 14A

At the Annual Meeting, stockholders will consider and vote on the following matters:

The election of the eight nominees named in this proxy statement to our Board of Directors, each for a term of one year;

The ratification of the selection of PricewaterhouseCoopers LLP as our independent registered public accountants for the fiscal year ending December 31, 2013;

Approval of the Amended and Restated Tenneco Inc. 2006 Long-Term Incentive Plan; and

An advisory vote to approve our executive compensation.

The stockholders will also act on any other business that may properly come before the meeting.

What is the difference between holding shares as a stockholder of record and as a beneficial owner?

If your shares are registered directly in your name with our transfer agent, Wells Fargo Shareowner Services, you are considered, with respect to those shares, the stockholder of record. If your shares are held in a stock brokerage account or by a bank or other record holder, you are considered the beneficial owner of shares held in street name. As the beneficial owner, you have the right to direct your broker, bank or other record holder on how to vote and you are also invited to attend the Annual Meeting. Your broker, bank or other record holder should have enclosed or provided voting instructions for you to use in directing the voting of your shares.

Who may attend the Annual Meeting?

Anyone who was a stockholder as of the close of business on March 18, 2013 may attend the Annual Meeting.

Who is entitled to vote at the Annual Meeting?

Only holders of record of our common stock at the close of business on March 18, 2013 are entitled to vote. There were 60,572,508 shares of common stock outstanding on March 18, 2013. Stockholders are entitled to cast one vote per share on all matters.

How do I vote my shares in person at the Annual Meeting?

Shares held in your name as the stockholder of record may be voted in person at the Annual Meeting. Shares held beneficially in street name may be voted in person at the Annual Meeting only if you obtain a legal proxy from the broker, bank or other record holder that holds your shares giving you the right to vote the shares. Even if you plan to attend the Annual Meeting, we recommend that you also submit your proxy or voting instructions as described below so that your vote will be counted if you later decide not to attend the Annual Meeting.

How do I vote my shares without attending the Annual Meeting?

There are three ways to vote by proxy:

By Internet You can vote over the Internet by following the instructions on the Notice or proxy card;

By Mail If you received your proxy materials by mail, you can vote by filling out the accompanying proxy card and returning it in the return envelope that we have enclosed for you; or

By Telephone You can vote by telephone by following the instructions on the proxy card. If you received a proxy card in the mail but choose to vote by Internet or by telephone, you do not need to return your proxy card.

If your shares are held in the name of a bank, broker or other record holder, follow the voting instructions on the form that you receive from them. The availability of telephone and Internet voting will depend on the bank's, broker's or other record holder's voting process. Your bank, broker or other record holder may not be permitted to exercise voting discretion as to some of the matters to be acted upon. Therefore, please give voting instructions to your bank, broker or other record holder.

Unless you hold your shares through the company's 401(k) plan, you may vote via the Internet or by phone until 11:59 p.m. Eastern Time, on May 14, 2013, or the company's agent must receive your paper proxy card on or before May 14, 2013. If you hold your shares through the company's 401(k) plan, you may vote via the Internet or by phone until 11:59 p.m., Eastern Time, on May 12, 2013, or the company's agent must receive your paper proxy card on or before May 12, 2013.

How will my proxy be voted?

All properly completed, unrevoked proxies, which are received prior to the close of voting at the Annual Meeting, will be voted in accordance with the specifications made. If a properly executed, unrevoked written proxy card does not specifically direct the voting of shares covered, the proxy will be voted:

FOR the election of all nominees for election as director described in this proxy statement;

FOR the ratification of the appointment of PricewaterhouseCoopers LLP as our independent public accountants for 2013;

FOR the approval of the Amended and Restated Tenneco Inc. 2006 Long-Term Incentive Plan;

FOR the approval, in an advisory vote, of our executive compensation; and

in accordance with the judgment of the persons named in the proxy as to such other matters as may properly come before the Annual Meeting.

The Board of Directors is not aware of any other matters that may properly come before the Annual Meeting. However, should any such matters come before the Annual Meeting, it is the intention of the persons named in the enclosed form of proxy card to vote all proxies (unless otherwise directed by stockholders) in accordance with their judgment on such matters.

May I revoke or change my vote?

If you are a stockholder of record, you may revoke your proxy at any time before it is actually voted by giving written notice of revocation to our Secretary, by delivering a proxy bearing a later date (including by telephone or by Internet) or by attending and voting in person at the Annual Meeting. Attendance at the Annual Meeting will not cause your previously granted proxy to be revoked unless you specifically make that request. If you are a beneficial owner of shares, you may submit new voting instructions by contacting your bank, broker or other record holder or, if you have obtained a legal proxy from your bank, broker or other record holder giving you the right to vote your shares, by attending the meeting and voting in person.

Will my vote be made public?

All proxies, ballots and voting materials that identify the votes of specific stockholders will generally be kept confidential, except as necessary to meet applicable legal requirements and to allow for the tabulation of votes and certification of the vote.

What constitutes a quorum, permitting the meeting to conduct its business?

The presence at the Annual Meeting, in person or by proxy, of holders of a majority of the issued and outstanding shares of common stock as of the record date is considered a quorum for the transaction of business. If you submit a properly completed proxy or if you appear at the Annual Meeting to vote in person, your shares of common stock will be considered part of the quorum.

Abstentions and broker non-votes are counted as present and entitled to vote for purposes of determining a quorum. A broker non-vote occurs when a bank, broker or other record holder holding

shares for a beneficial owner does not vote on a particular proposal because that holder does not have discretionary voting power for that particular item and has not received instructions from the beneficial owner. The election of directors (Item 1), the vote on the Amended and Restated Tenneco Inc. 2006 Long-Term Incentive Plan (Item 3) and the advisory vote on executive compensation (Item 4) are non-discretionary items. If you do not instruct your broker how to vote with respect to any of these items, your broker may not vote with respect to the applicable proposal and those votes will be counted as broker non-votes.

How many votes are needed to approve a proposal?

Assuming the presence of a quorum, each director nominee receiving a majority of the votes cast at the Annual Meeting (in person or by proxy) will be elected as a director. A majority of the votes cast means the number of For votes cast exceeds the number of Against votes cast. A proxy marked Abstain with respect to any director will not be counted in determining the total number of votes cast. Because the election of directors is determined on the basis of a majority of the votes cast, abstentions and broker non-votes have no effect on the election of directors.

Assuming the presence of a quorum, the affirmative vote of a majority of the shares present, in person or by proxy, at the Annual Meeting and entitled to vote is required to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accountants for 2013 and to approve the advisory vote on our executive compensation. Because the vote standard for the approval of these proposals is a majority of shares present and entitled to vote, abstentions have the effect of a vote against and broker non-votes have no effect on the proposals.

Assuming the presence of a quorum, the affirmative votes of the majority of votes cast on the proposal at the Annual Meeting (in person or by proxy) is required to approve the Amended and Restated Tenneco Inc. 2006 Long-Term Incentive Plan, assuming the total votes cast on the proposal represent more than 50% of the outstanding common stock on the record date for the Annual Meeting. Because the vote standard for this approval is a majority of votes cast on the proposal, abstentions have the effect of a vote against and, assuming the total votes cast on the proposal represent more than 50% of the outstanding common stock on the record date for the Annual Meeting, broker non-votes would have no effect on the proposal.

Who will count the vote?

Representatives of Broadridge Financial Solutions, Inc. will tabulate the votes and act as inspectors of election.

How can I find the voting results of the Annual Meeting?

We will report the voting results in a Current Report on Form 8-K within four business days after the end of our annual meeting.

How is the solicitation being made?

The cost of solicitation of Proxies will be borne by us. Solicitation will be made by mail, and may be made by directors, officers, and employees, personally or by telephone, email or fax. Proxy cards and material also will be distributed to beneficial owners of stock through brokers, custodians, nominees and other like parties, and we expect to reimburse such parties for their charges and expenses.

Where can I find more information about Tenneco?

We file reports and other information with the SEC. You may read and copy this information at the SEC's public reference facilities. Please call the SEC at 1-800-SEC-0330 for information about these facilities. This information is also available at our website at <http://www.tenneco.com> and at the Internet site maintained by the SEC at <http://www.sec.gov>.

ELECTION OF DIRECTORS

(Item 1)

Our Board of Directors currently comprises nine individuals, eight of whom are proposed to be elected at this Annual Meeting to serve for a term to expire at the annual meeting of stockholders to be held in 2014 and until their successors are chosen and have qualified. One of our current directors, Mr. Mitsunobu Takeuchi, will be retiring from the Board of Directors effective at the Annual Meeting and, at that time, the size of our Board will be reduced to eight.

Unless otherwise indicated in your proxy, the persons named as proxy voters in the accompanying proxy card, or their substitutes, will vote your proxy for all the nominees, each of whom has been designated as such by the Board of Directors. In the event that any nominee for director withdraws or for any reason is not able to serve as a director, we will vote your proxy for the remainder of those nominated for director (except as otherwise indicated in your proxy) and for any replacement nominee designated by the Compensation/Nominating/Governance Committee of the Board of Directors.

You may vote For or Against any or all of the director nominees, or you may Abstain from voting. Assuming a quorum, each director nominee receiving a majority of the votes cast at the Annual Meeting (in person or by proxy) will be elected as director. A majority of the votes cast means the number of For votes cast exceeds the number of Against votes cast. A proxy marked Abstain with respect to any director will not be counted in determining the total number of votes cast.

Brief statements setting forth the age (at March 18, 2013), the principal occupation, the employment during at least the past five years, the year in which first elected a director and other information concerning each nominee appears below.

The Board of Directors recommends that you vote FOR all of the nominees listed below.

We are a Delaware corporation. Under Delaware law, if an incumbent director is not elected, that director remains in office until the director's successor is duly elected and qualified or until the director's death, resignation or retirement. To address this potential outcome, the Board adopted a director resignation policy in Tenneco's By-Laws. Under this policy, the Board of Directors will nominate for directors only those incumbent candidates who tender, in advance, irrevocable resignations, and the Board has obtained such conditional resignations from the nominees in this year's proxy statement. The irrevocable resignations will be effective upon the failure to receive the required vote at any annual meeting at which they are nominated for re-election and Board acceptance of the resignation. If a nominee fails to receive the required vote, the Compensation/Nominating/Governance Committee will recommend to the Board whether to accept or reject the tendered resignation. The Board will publicly disclose its decision within 90 days following certification of the stockholder vote. The director whose resignation is under consideration will not participate in the recommendation of the Compensation/Nominating/Governance Committee or the Board's decision with respect to the resignation. If the Board does not accept the resignation, the director will continue to serve until the next annual meeting and until his or her successor is duly elected, or until his or her earlier resignation or removal. If the Board accepts the resignation, then the Board, in its sole discretion, may fill any resulting vacancy or may decrease the size of the Board (but not below the minimum number of directors required under our Certificate of Incorporation).

NOMINEES FOR ELECTION TO THE BOARD OF DIRECTORS

For One-Year Terms Expiring at the 2014 Annual Meeting of Stockholders

Thomas C. Freyman Mr. Freyman has served in his current role as Chief Financial Officer and Executive Vice President, Finance for Abbott since 2004. He was first appointed Chief Financial Officer and Senior Vice President, Finance in 2001. From 1999 to 2001, he served as Vice President and Controller of Abbott's Hospital Products Division. Prior to that, he held a number of financial planning and analysis positions with Abbott including Treasurer for Abbott's international operations and Corporate Vice President and Treasurer. Mr. Freyman holds a bachelor's degree in accounting from the University of Illinois and a master's degree in management from Northwestern University. He is 58 years old, was elected as a director of our company in January 2013 and is a member of the Audit Committee.

As the Chief Financial Officer of a Fortune 200 company, Mr. Freyman brings substantial expertise in finance and accounting to our Board and the Audit Committee. Throughout his more than thirty-year career with Abbott, Mr. Freyman has served in diverse financial and accounting roles throughout Abbott's global organization. Prior to his career with Abbott, he was a certified public accountant with the firm of Ernst & Whinney (now Ernst & Young) where he gained substantial experience in auditing, tax and financial reporting. The Board has designated Mr. Freyman as an audit committee financial expert as that term is defined in the SEC's rules adopted pursuant to the Sarbanes-Oxley Act 2002.

Dennis J. Letham From 1995 until his retirement in June 2011, Mr. Letham served as Executive Vice President, Finance and Chief Financial Officer of Anixter International Inc., where he oversaw the company's finance, accounting, tax, legal, human resource and internal audit activities in 50 countries. Before assuming his role as Chief Financial Officer in 1995, Mr. Letham served as Executive Vice President and Chief Financial Officer of Anixter, Inc., the principal operating subsidiary of Anixter International Inc., which he joined in 1993. Previously, he had a ten-year career with National Intergroup Inc., where he was Senior Vice President and Chief Financial Officer, as well as Vice President and Controller, Director of Corporate Accounting and Manager for Internal Audit. Mr. Letham began his career at Arthur Andersen & Co. in 1973 where he held progressive responsibilities in the Audit Department. Mr. Letham holds a bachelors degree from Pennsylvania State University's Accounting Honors program. He also is a Certified Public Accountant. Mr. Letham is a director of Interline Brands, Inc. where he chairs the Audit Committee. Mr. Letham is also a National Association of Corporate Directors Board Leadership Fellow. Mr. Letham is 61 years old, was elected a director of our company in October 2007 and is the Chairman of the Audit Committee.

Mr. Letham's substantial experience in finance and accounting makes him a valuable asset to our Board and our Audit Committee. Throughout his more than 35 year career, Mr. Letham has gained a deep understanding of the operations and financial reporting and accounting functions of large organizations. His 15 years of experience as the Chief Financial Officer of Anixter, a large international public company, gives him substantial insight into the complex financial, accounting and operational issues that a large multi-national company such as ours can encounter. Further, with his background in public accounting, he brings particular insight to the external and internal audit functions. The Board has designated Mr. Letham as an audit committee financial expert as that term is defined in the SEC's rules adopted pursuant to the Sarbanes-Oxley Act of 2002.

Hari N. Nair Chief Operating Officer Mr. Nair has served as our Chief Operating Officer since July 2010. Prior to that, he served as our Executive Vice President and President International since March 2007. Previously, Mr. Nair served as Executive Vice President and Managing Director of our business in Europe, South America and India. Before that, he was Senior Vice President and Managing Director International. Before December 2000, Mr. Nair was the Vice President and Managing Director Emerging Markets. Previously, Mr. Nair was the Managing Director for Tenneco Automotive Asia, based in Singapore and responsible for all operations and development projects in Asia. He began his career with the former Tenneco Inc. in 1987, holding various positions in strategic

planning, marketing, business development, quality control and finance. Before joining Tenneco, Mr. Nair was a senior financial analyst at General Motors Corporation focusing on European operations. Mr. Nair has a B.S. degree in Engineering from Bradley University and an M.B.A. in Finance and International Business from the University of Notre Dame. Mr. Nair is 53 years old and was elected a director of our company in March 2009.

Mr. Nair brings to our Board nearly 30 years of experience in the automotive industry in increasingly senior management roles. He has been with our company for more than 25 years in diverse roles from strategic planning, marketing and business development to quality and finance. He has also held senior managerial positions for our company in virtually all of our global locations from Europe to Asia to North America. He oversees our operations globally, including in key growth areas such as China. Mr. Nair's extensive knowledge of our company and its global operations makes him a particular asset to our Board.

Roger B. Porter Mr. Porter is the IBM Professor of Business and Government and the Master of Dunster House at Harvard University. He has served on the faculty at Harvard University since 1977. He also held senior economic policy positions in the Ford, Reagan and George H. W. Bush White Houses, serving as special assistant to the President and executive secretary of the Economic Policy Board from 1974 to 1977, as deputy assistant to the President and director of the White House Office of Policy Development from 1981 to 1985, and as assistant to the President for economic and domestic policy from 1989 to 1993. He received a B.A. from Brigham Young University and M.A. and Ph.D. degrees from Harvard University. He was also a Rhodes Scholar at Oxford University where he received his B.Phil. degree. He is also a director of Zions Bancorporation, Extra Space Storage Inc. and Packaging Corporation of America. Mr. Porter served on the board of directors of Pactiv Corporation through November 2010. Mr. Porter is 66 years old and was elected a director of our company in January 1998. He is the Chairman of the Compensation/Nominating/Governance Committee.

Mr. Porter brings a distinctive background to his service on our Board of Directors. He is the author of several books on economic policy, including *Presidential Decision Making* and *Efficiency, Equity and Legitimacy: The Multilateral Trading System at the Millennium*. His significant policy roles for various White Houses, as well as his scholarly research and teaching as the IBM Professor of Business and Government at Harvard, give him a unique perspective on the impact of general economic, political and market conditions on our business and operations. His background and experience is unlike that of any other Board member, making him a valuable addition to a well-rounded Board. In addition, his service on the Board of Directors of a variety of major public companies provides him an understanding of the strategic, operational and financial issues faced by large public companies.

David B. Price, Jr. Since his retirement from Noveon Inc. in 2001, Mr. Price has worked as an independent consultant, providing investment and operational advice primarily to financial and strategic buyers of businesses. Previously, Mr. Price was President of Noveon Inc. from February 2001 until May 2001. Noveon, Inc. was formerly the Performance Materials segment of BF Goodrich Company before its sale to an investor group in February 2001. While with BF Goodrich Company from July 1997 to February 2001, Mr. Price served as Executive Vice President of the BF Goodrich Company and President and Chief Operating Officer of BF Goodrich Performance Materials. Before joining BF Goodrich, Mr. Price held various executive positions over a 25-year span at Monsanto Company, including President of the Performance Materials Division of Monsanto Company from 1995 to July 1997. From 1993 to 1995, he was Vice President and General Manager of commercial operations for the Industrial Products Group and was also named to the management board of Monsanto's Chemical Group. Mr. Price received a B.S.C.E. from the University of Missouri and an M.B.A. from Harvard University. He is a director and former Chairman of the YMCA of Greater St. Louis and a Director and

Vice Chairman of St. Lukes Hospital in St. Louis. Mr. Price is 67 years old and was elected a director of our company in November 1999. Mr. Price is a member of the Compensation/Nominating/Governance Committee.

Mr. Price is an experienced businessman, having managed major chemicals businesses for Monsanto and B.F. Goodrich over a 30-year period. His experience as president and chief operating officer of various Monsanto and B.F. Goodrich business units gives Mr. Price an understanding of the strategic, operational and financial issues facing major industrial companies and a perspective beyond traditional automotive manufacturing.

Gregg M. Sherrill Chairman and Chief Executive Officer Mr. Sherrill was named our Chairman and Chief Executive Officer in January 2007. Mr. Sherrill joined us from Johnson Controls Inc., where he served since 1998, most recently as President, Power Solutions. From 2002 to 2003, Mr. Sherrill served as the Vice President and Managing Director of Europe, South Africa and South America for Johnson Controls Automotive Systems Group. Before joining Johnson Controls, Mr. Sherrill held various engineering and manufacturing assignments over a 22-year span at Ford Motor Company, including Plant Manager of Ford's Dearborn, Michigan engine plant, Chief Engineer, Steering Systems and Director of Supplier Technical Assistance. Mr. Sherrill holds a B.S. degree in mechanical engineering from Texas A&M University and an M.B.A. from Indiana University's Graduate School of Business. Mr. Sherrill is a director of Snap-on Incorporated where he is a member of the Organization and Executive Compensation Committee. Mr. Sherrill is also the Vice Chairman of the National Association of Manufacturers and the Chair of its Finance and Audit Committees. Mr. Sherrill is 60 years old and became a director of our company in January 2007.

Mr. Sherrill brings to our Board over 30 years of experience in the automotive industry, including six years as our Chairman and Chief Executive Officer. Before joining our company, he held increasingly senior management roles at both a major automotive parts supplier Johnson Controls and a major original equipment manufacturer Ford, giving him unique perspective and insight. His extensive experience managing international operations is also of key value to a global company such as ours. Under his leadership, our company has navigated successfully a challenging automotive industry environment and is positioned to capitalize on a recovery in the sector. His extensive knowledge of our business and industry, together with his proven talents and leadership, position him well to serve as our Chairman and Chief Executive Officer.

Paul T. Stecko Mr. Stecko has served as the Executive Chairman of Packaging Corporation of America since July 2010. He served as Chief Executive Officer of Packaging Corporation of America from January 1999 through June 2010 and has been Chairman of PCA's Board of Directors since March 1999. Mr. Stecko served as President and Chief Operating Officer of Tenneco Inc. from November 1998 to April 1999 and as Chief Operating Officer of Tenneco Inc. from January 1997 to November 1998. From December 1993 through January 1997, Mr. Stecko served as Chief Executive Officer of Tenneco Packaging Inc. Before that, Mr. Stecko spent 16 years with International Paper Company in roles of increasing responsibility, most recently serving as Vice President and General Manager of the Publication Papers, Bristols and Converting Papers businesses. Mr. Stecko received a B.S. degree in metallurgy from Pennsylvania State University and an M.S. in metallurgical engineering and an M.B.A. from the University of Pittsburgh. He is a director of State Farm Mutual Insurance Company and Smurfit Kappa Group. Mr. Stecko is 68 years old and has been a director of our company since November 1998. Mr. Stecko is a member of the Compensation/Nominating/Governance Committee and is our lead independent director.

Mr. Stecko, with his more than ten years of experience as Chairman and Chief Executive Officer of Packaging Corporation of America, brings to the Board proven leadership and extensive managerial experience at the most senior level. In addition, his years of service in senior management of Tenneco prior to the 1999 transactions that separated our automotive and packaging businesses give

Mr. Stecko unique historical perspective that is of particular value to our company. As a result of these experiences, Mr. Stecko has a thorough knowledge and understanding of the complex strategic, operational and financial issues faced by large public companies. Mr. Stecko's appreciation of the role of directors through his experience as both an inside and independent director of other companies positions him well to serve as our lead independent director.

Jane L. Warner From August 2007 until her retirement in March 2013, Ms. Warner served as Executive Vice President at Illinois Tool Works Inc., a Fortune 200 diversified manufacturer of highly engineered components and industrial systems and consumables, where she had worldwide responsibility for its Decorative Surfaces and Finishing Systems businesses. Ms. Warner joined Illinois Tool Works Inc. in December 2005 as Group President of its Worldwide Finishing business. She was previously the President of Plexus Systems, L.L.C., a manufacturing software company, from June 2004 to December 2005, and a Vice President with Electronic Data Systems from 2000 through June 2004, where she led their global manufacturing group. Ms. Warner served as Executive Vice President for first tier supplier Textron Automotive from 1994 through 1999, where she was President of its Kautex North America and Randall divisions. Previously, Ms. Warner held executive positions in manufacturing, engineering and human resources over a 20-year span at General Motors Corporation. Ms. Warner received a B.A. and an M.A. from Michigan State University. She also received an M.B.A. from Stanford University where she was a Sloan Fellow. Ms. Warner is a board member of MeadWestvaco Corporation, where she is a member of the Audit Committee and chairs the Safety, Health and Environmental Committee. She is also a Trustee for John G. Shedd Aquarium. Ms. Warner is 66 years old and was elected a director of our company in October 2004. Ms. Warner is a member of the Audit Committee.

With over 20 years of experience at General Motors and five years of experience at Textron Automotive, Ms. Warner has particular appreciation of the challenges facing our customers. Her automotive industry expertise is supplemented by her leadership roles in global manufacturing and manufacturing information systems businesses, both of which are of particular relevance to a global manufacturing company such as ours. She also brings to us the financial understanding she has gained through her business unit leadership and as member of the audit committee at MeadWestvaco.

NON-CONTINUING DIRECTOR

Term Expiring at the 2013 Annual Meeting of Stockholders

Mitsunobu Takeuchi Mr. Takeuchi will be retiring from the Board of Directors effective at the Annual Meeting. Mr. Takeuchi is the retired Chairman of DENSO International America, Inc., the North American arm of Japan-based DENSO Corporation, a worldwide supplier of advanced automotive systems and components. Mr. Takeuchi joined DENSO in 1964 and rose through a series of sales and general manager positions in Japan and North America, with experience in both original equipment and aftermarket. He became President and Chief Executive Officer, DENSO International America in 1997 and Chairman and Chief Executive Officer in 2002. He served as Chairman Emeritus from 2004 through January 2006. He served as a member of the Board of Directors of DENSO Corporation from March 1995 until his retirement in June 2004. Mr. Takeuchi is a director of the Economic Club of Detroit and the Motor Equipment Manufacturers Association and a member and past president of the Japan Business Society of Detroit. Mr. Takeuchi is 71 years old and has been a director of our company since January 2006. Mr. Takeuchi is a member of the Audit Committee.

CORPORATE GOVERNANCE

Overview

We have established a comprehensive corporate governance plan for the purpose of defining responsibilities, setting high standards of professional and personal conduct and assuring compliance with these responsibilities and standards. As part of its annual review process, the Board of Directors monitors developments in the area of corporate governance. Listed below are some of the key elements of our corporate governance plan. Many of these matters are described in more detail elsewhere in this proxy statement.

Director Independence (see pp. 13-14)

Seven of the Company's nine current directors are independent under the New York Stock Exchange (NYSE) listing standards. Assuming all nominees presented in this Proxy Statement are elected at the Annual Meeting, six of our eight directors will be independent under the NYSE listing standards.

Independent directors are scheduled to meet separately in executive session after every regularly scheduled Board of Directors meeting.

We have a lead independent director, Mr. Paul T. Stecko.

Audit Committee (see pp. 16-17 and p. 53)

All members meet the independence standards for audit committee membership under the NYSE listing standards and applicable Securities and Exchange Commission (SEC) rules.

Each of Messrs. Freyman and Letham has been designated as an audit committee financial expert as defined in the SEC rules. All members of the Audit Committee satisfy the NYSE's financial literacy requirements.

The Audit Committee operates under a written charter that governs its duties and responsibilities, including its sole authority to appoint, review, evaluate and replace our independent auditors.

The Audit Committee has adopted policies and procedures governing the pre-approval of all audit, audit-related, tax and other services provided by our independent auditors.

Compensation/Nominating/Governance Committee and Subcommittee (see pp. 14-15 and p. 52)

All members meet the independence standards for compensation and nominating committee membership under the NYSE listing standards.

The Compensation/Nominating/Governance Committee operates under a written charter that governs its duties and responsibilities, including the responsibility for executive compensation.

We have an Executive Compensation Subcommittee which has the responsibility to consider and approve compensation for our executive officers which is intended to qualify as performance based compensation under Section 162(m) of the Internal Revenue Code.

Corporate Governance Principles

We have adopted Corporate Governance Principles, including qualification and independence standards for directors.

Stock Ownership Guidelines (see p. 34)

We have adopted Stock Ownership Guidelines to align the interests of our executives with the interests of stockholders and promote our commitment to sound corporate governance.

The Stock Ownership Guidelines apply to the non-management directors, the Chairman and Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer, all Executive Vice Presidents, all Senior Vice Presidents and all Vice Presidents.

Anti-Hedging Policy and Trading Restrictions (see p. 35)

We have an insider trading policy which, among other things, prohibits our executive officers from engaging in derivative or hedging transactions with respect to our securities.

Communications with the Directors (see p. 18)

The Audit Committee has established a process for confidential and anonymous submissions by our employees, as well as submissions by other interested parties, regarding questionable accounting or auditing matters.

Additionally, the Board of Directors has established a process for stockholders to communicate with the Board of Directors, as a whole, or any independent director.

Codes of Business Conduct and Ethics

We have adopted a Code of Ethical Conduct for Financial Managers that applies to our Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Controller and other key financial managers.

We also operate under a Code of Conduct that applies to all directors, officers and employees and covers a broad range of topics, including compliance with laws, restrictions on gifts and conflicts of interest. All salaried employees are required to affirm annually in writing their acceptance of, and compliance with, the Code of Conduct.

Transactions with Related Persons (see pp. 18-19)

We have adopted a Policy and Procedure for Transactions with Related Persons, under which our Board of Directors must generally pre-approve transactions involving more than \$120,000 with our directors, executive officers, five percent or greater stockholders and their immediate family members.

Equity Award Policy (see p. 34)

We have adopted a written policy to be followed for all issuances by our company of compensatory awards in the form of our common stock or any derivative of our common stock.

Clawback Policy (see p. 35)

Edgar Filing: TENNECO INC - Form DEF 14A

We recently adopted a clawback policy in light of the delay in SEC rulemaking under the Dodd-Frank Wall Street Reform and Consumer Protection Act. We will continue to review our clawback policy as rulemaking is adopted regarding clawbacks under the Dodd-Frank Act.

Personal Loans to Executive Officers and Directors

We comply with and operate in a manner consistent with the legislation outlawing extensions of credit in the form of a personal loan to or for our directors or executive officers.

Our Audit Committee, Compensation/Nominating/Governance Committee and Executive Compensation Subcommittee Charters, Corporate Governance Principles, Stock Ownership Guidelines, Accounting Complaints Policy, Code of Ethical Conduct for Financial Managers, Code of Conduct, Policy and Procedures for Transactions with Related Persons, Equity Award Policy, Director Communications Policy and Audit/Non-Audit Services Policy may be accessed on our website at www.tenneco.com. The contents of the website are not, however, a part of this proxy statement. We intend to satisfy the disclosure requirements under Item 5.05 of Form 8-K and applicable NYSE rules regarding amendments to or waivers of our Code of Ethical Conduct for Financial Managers and Code of Conduct by posting this information on our website at www.tenneco.com.

The Board of Directors and Its Committees

Board Leadership Structure. Our Board of Directors currently comprises nine members, seven of whom are independent and two of whom are officers of our company. The Board of Directors believes that our ratio of outside directors to inside directors represents a commitment to the independence of the Board and a focus on matters of importance to our stockholders.

Mr. Sherrill is our Chairman and Chief Executive Officer and leads our Board. Mr. Sherrill has general charge and management of the affairs, property and business of the corporation, under the oversight, and subject to the review and direction, of the Board. He presides at all meetings of stockholders and the Board. We also have a lead independent director, Mr. Stecko. As lead independent director, Mr. Stecko presides at all executive sessions of the Board, consults with management and the other members of the Board regarding Board meeting agendas and serves as the principal liaison between management and the independent directors.

Our Board of Directors has two standing committees – the Audit Committee and the Compensation/Nominating/Governance Committee. The responsibilities and authority of each committee are described below. Each of these committees consists solely of independent directors and has its own Chairman who is responsible for directing the work of the committee in fulfilling its responsibilities.

Our Board of Directors believes this leadership structure is in the best interests of our company and its stockholders. Our Chairman and Chief Executive Officer provides the strong, clear and unified leadership that is critical to our relationships with our stockholders, employees, customers, suppliers and other stakeholders. He also serves as a valuable bridge between the Board and our management. We have effective and active oversight by experienced independent directors, who have selected a lead independent director and two independent committee chairs. The independent directors on the Board and each of the committees meet in regularly scheduled executive sessions without any members of management present. The purpose of these executive sessions is to promote open and candid discussion among the independent directors. Our system provides appropriate checks and balances to protect stockholder value and allows for efficient management of our company.

Role of Board of Directors in Risk Oversight. Our Board of Directors recognizes that, although risk management is primarily the responsibility of the company's management team, the Board of Directors plays a critical role in the oversight of risk, including the identification and management of risk. The Board of Directors believes that an important part of its responsibilities is to assess the major risks we face and review our strategies for monitoring and controlling these risks. The Board of Directors' involvement in risk oversight involves the full Board of Directors, the Audit Committee and the Compensation/Nominating/Governance Committee.

We perform an annual enterprise risk assessment which originates within our internal audit department and is performed in accordance with the standards adopted by the Committee of

Sponsoring Organizations of the Treadway Commission (COSO). As part of its assessment, our internal audit department interviews each of our directors, as well as members of management, regarding the strategic, operational, compliance and financial risks that the company faces. Our director of internal audit and chief financial officer review the results of this annual enterprise risk assessment with our Board of Directors. In addition, throughout the year, the Board of Directors meets with senior management to discuss (a) current business trends affecting us; (b) the major risk exposures facing us; and (c) the steps management has taken to monitor and control such risks. The Board of Directors receives presentations throughout the year from senior management and leaders of our business units and functional groups, such as Treasury, information technology and insurance/risk management, regarding specific risks that we face, including as to credit or liquidity risks and operational risks. Finally, on an annual basis, management provides a comprehensive strategic review to the Board of Directors which includes a discussion of the major risks faced by our company and our strategies to manage and minimize these risks.

The Audit Committee meets frequently during the year with senior management, our director of internal audit and our independent public accountants and discusses the major risks facing us, and the steps management has taken to monitor and control such risks, as well as the adequacy of internal controls that could mitigate risks and significantly affect our financial statements. At each regularly scheduled meeting, our director of internal audit reviews with the Audit Committee the results of internal audit activities and testing since the Audit Committee's prior meeting. In addition, at each regularly scheduled Audit Committee meeting, the company's general counsel provides a report to the Audit Committee regarding any significant litigation, environmental or regulatory risks faced by our company. The Audit Committee also maintains oversight over the company's compliance programs, including compliance with the company's Code of Conduct. The Chairman of the Audit Committee provides the Board of Directors with a report concerning its risk oversight activities at each Board meeting. The Compensation/Nominating/Governance Committee reviews our compensation structures and programs to assure that they do not encourage excessive risk.

Director Independence. The Board of Directors has determined that all of our non-management directors are independent as that term is defined under the listing standards of the NYSE. As part of its analysis, the Board determined that none of the outside directors has a direct or indirect material relationship with us. Under written guidelines adopted by the Board, the following commercial or charitable relationships are not considered to be material relationships that would impair a director's independence:

the director is an employee, director or beneficial owner of less than 10% of the shares of another company that (directly or indirectly through its subsidiaries or affiliates) does business with us and the annual sales to, or purchases from, us are less than 1% of the annual consolidated revenues of both our company and the other company;

the director is an employee, director or beneficial owner of less than 10% of the shares of another company that (directly or indirectly through its subsidiaries or affiliates) is indebted to us, or to which we are indebted, and the total amount of either company's consolidated indebtedness to the other is less than 1% of the total consolidated assets of the indebted company;

the director is an employee, director or beneficial owner of another company in which we own a common equity interest, and the amount of our interest is less than 5% of the total voting power of the other company; or

the director serves as an employee, director or trustee of a charitable organization, and our discretionary charitable contributions to the organization are less than 1% of that organization's total annual charitable receipts.

No outside director has a relationship with us that is outside of these guidelines.

In making its independence determinations, the Board of Directors considered the following relationships, all of which are within these guidelines: in the case of Mr. Stecko, an ordinary course supply arrangement between our company and the company where he serves as executive chairman; and in the case of Ms. Warner, an ordinary course supply arrangement between our company and the company where she served as executive vice president until her retirement in March 2013.

Board Meetings. During 2012, the Board of Directors held seven meetings. All of our directors who served in 2012 attended all meetings of the Board of Directors and the committees of the Board on which the director served. The Board of Directors is scheduled to meet in executive session, without management, after every regularly scheduled Board meeting. Mr. Stecko acts as lead independent director to chair these executive sessions and as primary spokesperson in communicating matters arising out of these sessions to our management.

All of the directors attended last year's annual meeting of stockholders. The Board of Directors has a policy that, absent unusual circumstances, all directors attend our annual stockholder meetings.

Compensation/Nominating/Governance Committee and Subcommittee. The members of the Compensation/Nominating/Governance Committee are Messrs. Price, Stecko and Porter, who is the Chairman of the Committee. The Compensation/Nominating/Governance Committee is comprised solely of outside directors who meet the independence standards for compensation and nominating committee members as set forth in the NYSE listing standards.

The Compensation/Nominating/Governance Committee has the responsibility, among other things, to:

establish the compensation of our executive officers;

examine periodically our compensation structure;

supervise our welfare and pension plans and compensation plans;

produce an annual report on executive compensation for inclusion in our proxy statement in accordance with applicable rules and regulations of the SEC;

review our compensation practices and policies for our employees to determine whether those practices and policies are reasonably likely to have a material adverse effect on us; and

review and recommend to the Board any company proposal regarding the advisory vote on executive compensation and any company proposal regarding the frequency of the advisory vote on executive compensation.

It also has significant nominating and corporate governance responsibilities including, among other things, to:

review and determine the desirable balance of experience, qualifications and expertise among members of the Board;

review possible candidates for membership on the Board and recommend a slate of nominees for election as directors at each annual meeting of stockholders;

review the function and composition of the other committees of the Board and recommend membership on these committees;

Edgar Filing: TENNECO INC - Form DEF 14A

review the qualifications of, and recommend candidates for, election as officers of our company;

develop and recommend to the Board of Directors for approval any revisions to our Corporate Governance Principles; and

oversee our management succession planning, including with respect to our Chief Executive Officer, and our diversity initiatives in connection with management succession.

The Compensation/Nominating/Governance Committee may form and delegate authority to subcommittees when appropriate and to the extent permitted by applicable law and the rules of the NYSE. Once a subcommittee of this committee is so formed, the committee may exercise any authority in its discretion that is granted to the subcommittee.

We have an Executive Compensation Subcommittee which consists of Messrs. Porter and Price. This subcommittee has the responsibility of considering and approving compensation for our Chief Executive Officer and our other executive officers which is intended to qualify as performance based compensation under Section 162(m) of the Internal Revenue Code. This subcommittee does not have the authority to further delegate its responsibilities.

Each of the Compensation/Nominating/Governance Committee and its Executive Compensation Subcommittee operates pursuant to a written charter, the current versions of which were reaffirmed by the Board of Directors and the Compensation/Nominating/Governance Committee, respectively, in March 2013 as part of their annual review process. The Compensation/Nominating/Governance Committee held seven meetings and the Executive Compensation Subcommittee held two meetings during 2012.

For 2012, the Compensation/Nominating/Governance Committee retained the services of Meridian Compensation Partners, LLC as its principal outside compensation consultant. Meridian reports directly to the Compensation/Nominating/Governance Committee and the scope of its assignment has been to (i) assist in decision-making with respect to executive compensation, (ii) provide plan design advice, (iii) provide annual competitive market studies against which committee members can analyze executive compensation and (iv) apprise the committee members regarding best practices and pay levels in association with director compensation. For our director compensation, our compensation consultant prepares comparative market data and presents that information directly to the committee. The committee reviews this data and establishes director compensation in consultation with our compensation consultant. Meridian provides no other services to the committee or our company.

From time to time, the Compensation/Nominating/Governance Committee and the Executive Compensation Subcommittee will review materials prepared by other consultants to assist it with specific compensation matters. For example, in 2006, management engaged Buck Consultants, a pension actuarial firm, to provide advice concerning the restructuring of Tenneco's defined benefit and defined contribution retirement benefits plans for U.S. salaried and non-union hourly employees. This information was reviewed by the Compensation/Nominating/Governance Committee in connection with its decision to freeze future accruals under our defined benefits retirement plans at the end of 2006, as described under Executive Compensation Post-Employment Compensation 2006 Changes in Defined Benefits.

For a discussion of the role of our executive officers in the establishment of executive officer compensation, see Executive Compensation Compensation Discussion and Analysis. Our executive officers do not participate in the process for establishing director compensation.

A report of the Compensation/Nominating/Governance Committee regarding executiv