

TENNECO INC
Form DEF 14A
April 04, 2018
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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)

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**Proxy Statement and
Notice of 2018 Annual Meeting**

*Pioneering global ideas for cleaner air and
smoother, quieter and safer transportation*

Wednesday, May 16, 2018 at 10:00 a.m. Central Time

*Tenneco Headquarters 500 North Field Drive
Lake Forest, IL 60045*

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To the Stockholders of Tenneco Inc.:

We are pleased to inform you that Tenneco's 2018 Annual Meeting of Stockholders will be held Wednesday, May 16, 2018, at 10:00 a.m., Central Time, at our headquarters at 500 North Field Drive in Lake Forest, Illinois. A record of our activities for the year 2017 is contained in our Form 10-K, but as we prepare for the Annual Meeting, we want to share with you our thoughts on our 2017 performance, and the bright future ahead for Tenneco.

Our results for 2017 clearly demonstrate the effectiveness of our strategies and the progress we're making on realizing our vision for Tenneco. We're generating profitable growth, continuously improving operations, and investing to achieve long-term success. Some of the key financial highlights for 2017 include:

- Record full-year revenue of \$9.3 billion, including double-digit growth in commercial truck and off-highway;
- Record full-year cash flows from operations of \$629 million; and
- Returns to shareholders of \$222 million, and from 2015 through 2017 returns to shareholders of \$660 million.

Looking ahead, we expect continued revenue growth that outpaces industry production, driven by our outstanding position on light vehicle platforms globally, increased emissions regulations requiring incremental Clean Air content and growing demand for electronic suspension technologies and our aftermarket products. We're also investing in our global operations to improve manufacturing efficiencies and our cost competitiveness.

Tenneco has a strong track record of solid execution, profitable growth and value creation, and we're excited about the bright future we see ahead.

Thank you for your confidence and continued support.

Gregg M. Sherrill
Executive Chairman
Tenneco Inc.

Brian J. Kessler
Chief Executive Officer
Tenneco Inc.

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**NOTICE OF
ANNUAL MEETING OF STOCKHOLDERS**

What: The Annual Meeting of Stockholders of Tenneco Inc.

When: Wednesday, May 16, 2018, at 10:00 a.m., Central Time

**Where:
Items of** Tenneco Headquarters, 500 North Field Drive, Lake Forest, Illinois 60045

- Business:**
1. To elect the 10 director nominees listed in this proxy statement;
 2. To ratify the appointment of PricewaterhouseCoopers LLP as independent public accountants for 2018;
 3. To approve our executive compensation in an advisory vote; and
 4. To consider any other matters, if properly raised.

Who may vote: Holders of common stock of record at the close of business on March 19, 2018.

Voting: YOUR VOTE IS VERY IMPORTANT. All stockholders are cordially invited to attend the Annual Meeting, but if you are not able to attend in person, please submit your vote as soon as possible as instructed in the Notice, proxy card or voting instruction form. You can vote via mail, telephone or the Internet.

Stockholders of record have been mailed a Notice of Internet Availability of Proxy Materials, which provides stockholders with instructions on how to access our proxy materials and our Form 10-K on the Internet and, if they prefer, how to request paper copies of these materials.

We believe that posting these materials on the Internet provides stockholders with the information that they need, while lowering our costs of printing and delivery and reducing the environmental impact of the Annual Meeting.

Questions:

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For any questions regarding the Annual Meeting, please contact Tenneco at (847) 482-5000,
attention: Corporate Secretary.

By Order of the Board of Directors

Brandon B. Smith

Corporate Secretary

Lake Forest, Illinois

April 4, 2018

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**IMPORTANT NOTICE REGARDING THE
AVAILABILITY OF PROXY MATERIALS FOR THE
ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON MAY 16, 2018**

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 4, 2018 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 paper copies of our 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 by mail. We elected to use electronic notice and access for our proxy materials because 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 meeting of stockholders. 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.

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PROXY STATEMENT

The Board of Directors of Tenneco Inc. 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 4, 2018. 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 16, 2018, or at any adjournment or postponement thereof.

PROXY SUMMARY

The following summary sets forth certain performance highlights, as well as information contained elsewhere in this proxy statement. You should read the entire proxy statement before casting your vote.

2017 Performance Highlights

- Record full-year revenue of \$9.3 billion, including double-digit growth in commercial truck and off-highway;
- Record full-year cash flows from operations of \$629 million; and
- Returns to shareholders of \$222 million through dividends and share repurchases and from 2015 through 2017 returns to shareholders of \$660 million.

Annual Meeting of Shareholders

WHEN: May 16, 2018, 10:00 a.m. Central Time

WHERE: Tenneco Headquarters, 500 North Field Drive, Lake Forest, IL 60045

You are entitled to vote at the meeting if you were a holder of record of our common stock at the close of business on March 19, 2018. Please see pages 4-5 for instructions on how to vote your shares.

Voting Recommendations of the Board

Item	Description	For	Against	Page
1.	Elect Directors	X		8
2.	Ratify appointment of the independent auditor	X		67
3.	Approve, on an advisory basis, named executive officer compensation	X		69

Table of Contents**Director Nominees**

The Board has nominated the following individuals to stand for election for a one-year term expiring at the annual meeting of stockholders in 2019. Each nominee is independent other than Messrs. Kessler and Sherrill. You can find additional information under Election of Directors (Item 1) beginning on page 8.

Name	Age	Director Since	Professional Background	Board Committees
Thomas C. Freyman	63	2013	Former CFO, Abbott	Audit
Brian J. Kessler	51	2016	CEO, Tenneco	
Dennis J. Letham	66	2007	Former CFO, Anixter International	Audit
James S. Metcalf	60	2014	Chairman of the Board and Chairman of the Executive Committee, NCI Building Systems, Inc., Former Chairman, President and CEO, USG Corporation	Audit
Roger B. Porter	71	1998	Professor of Business and Government, Harvard University; Former assistant to President George H.W. Bush for economic and domestic policy	CNG
David B. Price, Jr.	72	1999	Former President, Noveon Inc.	CNG
Gregg M. Sherrill	65	2007	Executive Chairman, Tenneco; Former Chairman and CEO, Tenneco	
Paul T. Stecko	73	1998	Former Chairman and CEO, Packaging Corporation of America	CNG, Lead Director
Jane L. Warner	71	2004	Former Executive Vice President, Illinois Tool Works	Audit
Roger J. Wood	55	2016	CEO and Chairman, Fallbrook Technologies Inc.	CNG

Key Features of Our Executive Compensation Program

- Pay-for-performance strategy aligns executive and stockholder financial interests (page 34)
- Incentive compensation made up approximately 84% of target CEO pay in 2017 (page 31)
- Incentive pay programs feature multiple performance metrics (pages 37-39)
- Rigorous stock ownership requirements for officers and directors (pages 42-43)

- No pledging or hedging of Tenneco stock by officers or directors (page 43)
- Clawback policy that requires reimbursement of incentive compensation in certain circumstances (page 43)

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Governance Highlights

- Eight of our 10 current directors are independent (page 17)
- Directors elected annually and majority voting for all directors
- Stockholders meeting certain requirements may nominate directors and have them included in the proxy statement, known as proxy access (page 72)
- Extensive Board oversight of risk management, with particular focus on our strategic, operational, compliance and financial risks (pages 17-19)
- Separate Chairman and CEO, and Lead Independent Director (page 17)
- Executive sessions of independent directors conducted after every regularly scheduled Board meeting (page 18)
- Comprehensive annual self-assessments of Board and its committees
- No poison pill
- Code of Conduct for directors, officers and employees and an additional Code of Ethical Conduct for Financial Managers that applies to our CEO, COO, CFO and other key financial managers

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QUESTIONS AND ANSWERS

What is the purpose of the Annual Meeting?

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

- The election of the 10 nominees named in this proxy statement to our Board of Directors, each for a term of one year;
- The ratification of the appointment of PricewaterhouseCoopers LLP as our independent public accountants for the fiscal year ending December 31, 2018; and
- To approve our executive compensation in an advisory vote.

The stockholders will also act on any other business that may properly come before the Annual 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, Equiniti Trust Company, 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 your shares, 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 19, 2018 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 19, 2018 are entitled to vote. There were 51,425,303 shares of common stock outstanding on March 19, 2018. 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;

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- **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 15, 2018, or the company's agent must receive your paper proxy card on or before May 15, 2018. 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 13, 2018, or the company's agent must receive your paper proxy card on or before May 13, 2018.

How will my proxy be voted?

All properly completed, unrevoked proxies that are timely received 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 2018;
- **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 Corporate 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 Annual Meeting and voting in person.

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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 Annual 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) and the advisory vote on executive compensation (Item 3) are non-discretionary items. If you do not instruct your bank, broker or other record holder how to vote with respect to any of these items, your bank, broker or other record holder 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 public accountants for 2018 and to approve our executive compensation in an advisory vote. 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 the proposals and broker non-votes have no effect on the proposals.

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 the Annual Meeting.

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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 materials 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. We have engaged Alliance Advisors to assist us in the solicitation of proxies, at an estimated cost of \$10,000 to \$20,000 plus expense reimbursement.

Does Tenneco allow stockholders to have proxy access for the nomination of directors?

Yes. The Board has adopted proxy access By-Law provisions to permit eligible stockholders to include nominees in the Company's proxy statement and form of proxy. See "Submission of Stockholder Proposals" for further information.

Where can I find more information about Tenneco?

We file reports and other information with the U.S. Securities and Exchange Commission (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>.

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**ELECTION OF DIRECTORS
(ITEM 1)**

Our Board of Directors is currently comprised of 10 individuals, all of whom are proposed to be elected at this Annual Meeting to serve for a one-year term to expire at the annual meeting of stockholders to be held in 2019 and until their successors are chosen and have been duly elected and qualified.

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