

TENNECO INC.
RECONCILIATION OF NON-GAAP MEASURES
Debt net of cash / Adjusted EBITDA - LTM

	<u>Quarter Ended March 31</u>				
	<u>2006</u>		<u>2005</u>		
Total debt	\$	1,384		\$	1,408
Cash and cash equivalents		96			68
Debt net of cash balances ⁽¹⁾		1,288			1,340
Adjusted LTM EBITDA		414			404
Ratio of net debt to adjusted LTM EBITDA ⁽²⁾		3.1x			3.3x

	<u>Q2 05</u>	<u>Q3 05</u>	<u>Q4 05</u>	<u>Q1 06</u>	<u>Q1 06 LTM</u>
Net income	33	10	8	7	58
Minority interest	-	-	1	1	2
Income tax expense	18	7	(4)	-	21
Interest expense (net of interest capitalized)	32	33	33	34	132
EBIT, Income before interest expense, income taxes and minority interest (GAAP measure)	83	50	38	42	213
Depreciation and amortization of other intangibles	44	44	43	44	175
Total EBITDA ⁽³⁾	127	94	81	86	388
Restructuring and restructuring related expenses	2	2	5	6	15
Stock based compensation accounting change	-	-	-	1	1
New Aftermarket customer changeover costs	-	-	10	-	10
Total Adjusted EBITDA ⁽⁴⁾	<u>129</u>	<u>96</u>	<u>96</u>	<u>93</u>	<u>414</u>

	<u>Q2 04</u>	<u>Q3 04</u>	<u>Q4 04</u>	<u>Q1 05</u>	<u>Q1 05 LTM</u>
Net income	30	6	(19)	7	24
Minority interest	2	1	-	1	4
Income tax expense	10	2	(35)	4	(19)
Interest expense (net of interest capitalized)	34	35	75	32	176
EBIT, Income before interest expense, income taxes and minority interest (GAAP measure)	76	44	21	44	185
Depreciation and amortization of other intangibles	44	42	46	46	178
Total EBITDA ⁽³⁾	120	86	67	90	363
Restructuring and restructuring related expenses	5	2	28	3	38
New Aftermarket customer changeover costs	2	-	-	-	2
Consulting fees indexed to stock price	1	-	-	-	1
Total adjusted EBITDA ⁽⁴⁾	<u>128</u>	<u>88</u>	<u>95</u>	<u>93</u>	<u>404</u>

⁽¹⁾Tenneco presents debt net of cash balances because management believes it is a useful measure of Tenneco's credit position and progress toward reducing leverage. The calculation is limited in that the company may not always be able to use cash to repay debt on a dollar-for dollar basis.

⁽²⁾Tenneco presents the above reconciliation of the ratio debt net of cash to the last twelve months (LTM) of adjusted EBITDA to show trends that investors may find useful in understanding the company's ability to service its debt. For purposes of this calculation, adjusted LTM EBITDA is used as an indicator of the company's performance over the most recent twelve months and debt net of cash is presented as an indicator of our credit position and progress toward reducing our financial leverage. LTM adjusted EBITDA is used to reflect annual values and remove seasonal fluctuations. This reconciliation is provided as supplemental information and not intended to replace the company's existing covenant ratios or any other financial measures that investors may find useful in describing the company's financial position. See notes (1), (3) and (4) for a description of the limitations of using debt net of cash, EBITDA and adjusted EBITDA.

⁽³⁾EBITDA represents income before interest expense, income taxes, minority interest and depreciation and amortization. EBITDA is not a calculation based upon generally accepted accounting principles. The amounts included in the EBITDA calculation, however, are derived from amounts included in the historical statements of income data. In addition, EBITDA should not be considered as an alternative to net income or operating income as an indicator of the company's operating performance, or as an alternative to operating cash flows as a measure of liquidity. Tenneco Inc. has presented EBITDA because it regularly reviews EBITDA as a measure of the company's performance. In addition, Tenneco believes its debt holders utilize and analyze our EBITDA for similar purposes. Tenneco also believes EBITDA assists investors in comparing a company's performance on a consistent basis without regard to depreciation and amortization, which can vary significantly depending upon many factors. However, the EBITDA measure presented may not always be comparable to similarly titled measures reported by other companies due to differences in the components of the calculation.

⁽⁴⁾Adjusted EBITDA is presented in order to reflect the results in a manner that allows a better understanding of operational activities separate from the financial impact of decisions made for the long term benefit of the company and other items impacting comparability between the periods. Adjustments similar to the ones reflected above have been recorded in earlier periods, and similar types of adjustments can reasonably be expected to be recorded in future periods. The company believes investors find the non-GAAP information helpful in understanding the ongoing performance of operations separate from items that may have a disproportionate positive or negative impact on the company's financial results in any particular period. In addition, 2006 includes adjustments to eliminate the additional stock based compensation expense and the impact on the diluted shares calculation associated with FAS 123R, which the company adopted in 2006. The company plans to continue making this adjustment for the remainder of 2006 to enhance investors' understanding of the comparability between 2006 and 2005 results. See also Attachment I, Statements of Income footnote (b).