

TENNECO INC. AND CONSOLIDATED SUBSIDIARIES
STATEMENTS OF INCOME
Unaudited
THREE MONTHS ENDED MARCH 31,
(Millions except share and per share amounts)

	<u>2006</u>	<u>2005</u>
Net sales and operating revenues	<u>\$ 1,132</u>	<u>\$ 1,101</u>
Costs and Expenses		
Cost of Sales (exclusive of depreciation shown below)	921 (a)	888 (d)
Engineering, Research and Development	22	24
Selling, General and Administrative	101 (b)	98 (d)
Depreciation and Amortization of Other Intangibles	44	46
Total Costs and Expenses	<u>1,088</u>	<u>1,056</u>
Loss on sale of receivables	(1)	-
Other Expense	(1)	(1)
Total Other Expense	<u>(2)</u>	<u>(1)</u>
Income before Interest Expense, Income Taxes, and Minority Interest		
North America	34 (a) (b)	37 (d)
Europe & South America	8 (a)	5 (d)
Asia Pacific	- (a)	2
	<u>42</u>	<u>44</u>
Less:		
Interest expense (net of interest capitalized)	34	32
Income tax expense	- (c)	4
Minority interest	1	1
Net Income	<u>7</u>	<u>7</u>
Average common shares outstanding:		
Basic	<u>43.9</u>	<u>42.7</u>
Diluted	<u>46.7</u> (b)	<u>45.0</u>
Earnings per share of common stock:		
Basic	<u>\$ 0.15</u>	<u>\$ 0.17</u>
Diluted	<u>\$ 0.14</u> (b)	<u>\$ 0.16</u>

(a) Includes restructuring and restructuring related charges of \$6 million pre-tax, \$4 million after tax or \$0.09 per share, all of which is recorded in cost of sales. Geographically, \$3 million is recorded in North America, \$1 million in Europe and South America and \$2 million is recorded in Asia Pacific.

(b) Includes \$1 million pre-tax and after tax increase in stock compensation expense associated with the adoption of FAS 123R. Adoption of this accounting standard also increased the calculated number of diluted shares by 0.6 million for a combined impact of \$0.03 per share.

(c) Includes a \$3 million or \$0.06 per share tax benefit, primarily related to resolution of tax issues with former affiliates.

(d) Includes restructuring and restructuring related charges of \$3 million pre-tax, \$2 million after tax or \$0.04 per share. Of the charges, \$2 million is recorded in cost of sales and the remaining \$1 million is in SG&A. Geographically, \$2 million is recorded in North America and \$1 million in Europe and South America.