

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

	<u>2007</u>	<u>2006</u>
Net sales and operating revenues	<u>\$ 1,399</u>	<u>\$ 1,132</u>
Costs and Expenses		
Cost of Sales (exclusive of depreciation shown below)	1,179 (a)	921 (c)
Engineering, Research and Development	27	22
Selling, General and Administrative	95 (a)	101
Depreciation and Amortization of Other Intangibles	<u>48</u>	<u>44</u>
Total Costs and Expenses	<u>1,349</u>	<u>1,088</u>
Loss on sale of receivables	(2)	(1)
Other Income (Expense)	<u>2</u>	<u>(1)</u>
Total Other Expense	<u>-</u>	<u>(2)</u>
Income before Interest Expense, Income Taxes, and Minority Interest		
North America	29 (a)	34 (c)
Europe & South America	15 (a)	8 (c)
Asia Pacific	<u>6</u>	<u>-</u> (c)
	50	42
Less:		
Interest expense (net of interest capitalized)	42 (b)	34
Income tax expense	3	- (d)
Minority interest	<u>2</u>	<u>1</u>
Net Income	<u>3</u>	<u>7</u>
Average common shares outstanding:		
Basic	<u>45.4</u>	<u>43.9</u>
Diluted	<u>47.3</u>	<u>46.7</u>
Earnings per share of common stock:		
Basic	<u>\$ 0.07</u>	<u>\$ 0.15</u>
Diluted	<u>\$ 0.07</u>	<u>\$ 0.14</u>

(a) Includes restructuring and restructuring related charges of \$2 million pre-tax, \$1 million after tax or \$0.03 per share, of which \$1 million is recorded in cost of sales and \$1 million is recorded in SGA&E. Geographically, \$1 million is recorded in North America and \$1 million in Europe, South America and India.

(b) Includes a pre-tax expense of \$5 million, \$4 million after-tax or \$0.07 per share related to the write off of debt issuance costs from our debt refinancing in March of 2007.

(c) 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, South America and India and \$2 million in Asia Pacific.

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