

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

	<u>2008</u>	<u>2007⁽¹⁾</u>
Net sales and operating revenues	<u>\$ 1,560</u>	<u>\$ 1,400</u>
Costs and Expenses		
Cost of Sales (exclusive of depreciation shown below)	1,326 (a)	1,179 (c)
Engineering, Research and Development	36	27
Selling, General and Administrative	105 (a)	95 (c)
Depreciation and Amortization of Other Intangibles	55	48
Total Costs and Expenses	<u>1,522</u>	<u>1,349</u>
Loss on sale of receivables	(2)	(2)
Other Income	3	-
Total Other Income / (Expense)	<u>1</u>	<u>(2)</u>
Income before Interest Expense, Income Taxes, and Minority Interest		
North America	9 (a)	30 (c)
Europe, South America & India	25 (a)	13 (c)
Asia Pacific	5	6
	<u>39</u>	<u>49</u>
Less:		
Interest expense (net of interest capitalized)	25	40 (d)
Income tax expense	5 (b)	2
Minority interest	3	2
Net Income	<u>6</u>	<u>5</u>
Average common shares outstanding:		
Basic	<u>46.3</u>	<u>45.4</u>
Diluted	<u>47.7</u>	<u>47.3</u>
Earnings per share of common stock:		
Basic	<u>\$ 0.14</u>	<u>\$ 0.11</u>
Diluted	<u>\$ 0.13</u>	<u>\$ 0.11</u>

(a) Includes restructuring and restructuring related charges of \$4 million pre-tax, \$3 million after tax or \$0.06 per share. Of the adjustment \$3 million is recorded in cost of sales and \$1 million is recorded in SG&A. Geographically, \$1 million is recorded in North America and \$3 million in Europe, South America and India.

(b) Includes a \$1 million or \$0.01 per share tax charge to increase the reserve for changes in the company's estimates for tax matters subject to audit.

(c) Includes restructuring and restructuring related charges of \$2 million pre-tax, \$1 million after tax or \$0.02 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.

(d) 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 the debt refinancing in March 2007.

⁽¹⁾ As disclosed in Tenneco's Form 10-K/A filed August 14, 2007, Tenneco restated its financial results for the years ended December 31, 2004, 2005 and 2006 and for the quarters ended March 31, 2006 and 2007, June 30, 2006 and September 30, 2006. The amounts presented in this table reflect the results of the restatement.