

TENNECO AUTOMOTIVE INC. AND CONSOLIDATED SUBSIDIARIES
STATEMENTS OF INCOME (LOSS)
Unaudited
THREE MONTHS ENDED JUNE 30,

| | <u>2003</u> | <u>2002</u> |
|---|----------------|----------------|
| Net sales and operating revenues: | <u>\$ 998</u> | <u>\$ 948</u> |
| Costs and Expenses | | |
| Cost of Sales (exclusive of depreciation shown below) | 779 (a) | 743 (d) |
| Engineering, Research and Development | 13 | 17 |
| Selling, General and Administrative | 97 | 93 |
| Depreciation and Amortization of Other Intangibles | 41 | 35 |
| Total Costs and Expenses | <u>930</u> | <u>888</u> |
| Gain on sale of assets | - | 11 (e) |
| Loss on sale of receivables | (1) | (1) |
| Other Income (Loss) | - | 1 |
| Total Other Income (Loss) | <u>(1)</u> | <u>11</u> |
| Income (Loss) before Interest Expense, Income Taxes, and Minority Interest | | |
| North America | 49 | 53 (d) |
| Europe | 11 (a) | 11 (d) (e) |
| Other | 7 | 7 |
| | <u>67</u> | <u>71</u> |
| Less: | | |
| Interest expense (net of interest capitalized) | 38 (b) | 36 |
| Income tax expense (benefit) | 3 (c) | 16 |
| Minority interest | 2 | - |
| Income (loss) before Cumulative Effect of Change in Accounting Principle | <u>24</u> | <u>19</u> |
| Cumulative Effect of Change in Accounting Principle, net of income tax | - | - |
| Net income (loss) | <u>\$ 24</u> | <u>\$ 19</u> |
| Average common shares outstanding: | | |
| Basic | <u>40.4</u> | <u>39.7</u> |
| Diluted | <u>41.3</u> | <u>41.8</u> |
| Earnings (loss) per share of common stock: | | |
| Basic- | | |
| Before Cumulative Effect of Change in Accounting Principle | \$ 0.59 | \$ 0.48 |
| Cumulative Effect of Change in Accounting Principle | - | - |
| | <u>\$ 0.59</u> | <u>\$ 0.48</u> |
| Diluted- | | |
| Before Cumulative Effect of Change in Accounting Principle | \$ 0.58 | \$ 0.45 |
| Cumulative Effect of Change in Accounting Principle | - | - |
| | <u>\$ 0.58</u> | <u>\$ 0.45</u> |

(a) Includes restructuring and restructuring related charges of \$1 million pre-tax, \$1 million after-tax or \$0.03 per share. The entire charge is recorded in cost of sales. Geographically all of the charge is recorded in Europe.

(b) Includes a pre-tax expense of \$5 million, \$3 million after-tax or \$.07 per share related to the write-off of debt issuance costs that were defined on the senior debt we paid down with the proceeds of the \$350 million bond offering.

(c) Includes a \$8 million or \$.19 per share tax benefit related to the resolution of outstanding tax issues.

(d) Includes restructuring and other charges of \$2 million pre-tax, \$1 million after-tax or \$0.02 per share. The entire charge is recorded in cost of sales. Geographically, \$1 million is recorded in both North America and Europe.

(e) Includes a gain on the sale of a UK facility of \$11 million pre-tax, \$5 million after-tax or \$0.13 per share. Geographically, all of the gain is recorded in Europe.