

TENNECO AUTOMOTIVE
RECONCILIATION OF GAAP⁽¹⁾ TO NON-GAAP EARNINGS MEASURES⁽²⁾
Unaudited

	Q2 2004				Q2 2003			
	EBITDA ⁽³⁾	EBIT	Net Income	Per Share	EBITDA ⁽³⁾	EBIT	Net Income	Per Share
Earnings Measures	\$ 120	\$ 76	\$ 30	\$ 0.69	\$ 108	\$ 67	\$ 24	\$ 0.58
Adjustments (reflects non-GAAP measures):								
Restructuring and restructuring related expenses	5	5	3	0.07	1	1	1	0.03
New Aftermarket customer changeover costs	2	2	1	0.02	-	-	-	-
Consulting fees indexed to stock price	1	1	1	0.01	-	-	-	-
Tax adjustments	-	-	(4)	(0.09)	-	-	(8)	(0.19)
Debt issuance cost write off	-	-	-	-	-	-	3	0.07
Non-GAAP earnings measures	<u>\$ 128</u>	<u>\$ 84</u>	<u>\$ 31</u>	<u>\$ 0.70</u>	<u>\$ 109</u>	<u>\$ 68</u>	<u>\$ 20</u>	<u>\$ 0.49</u>

	Q2 2004			
	North America	Europe	Rest of World	Total
EBIT	\$ 50	\$ 14	\$ 12	\$ 76
Restructuring and restructuring related expenses	1	4	-	5
New Aftermarket customer changeover costs	2	-	-	2
Consulting fees indexed to stock price	1	-	-	1
Adjusted EBIT	<u>\$ 54</u>	<u>\$ 18</u>	<u>\$ 12</u>	<u>\$ 84</u>

	Q2 2003			
	North America	Europe	Rest of World	Total
EBIT	\$ 49	\$ 11	\$ 7	\$ 67
Restructuring and restructuring related expenses	-	1	-	1
Adjusted EBIT	<u>\$ 49</u>	<u>\$ 12</u>	<u>\$ 7</u>	<u>\$ 68</u>

⁽¹⁾ Generally Accepted Accounting Principles

⁽²⁾ Tenneco Automotive presents the above reconciliation of GAAP to non-GAAP earnings measures in order to reflect the results for the second quarters of 2004 and 2003 in a manner that allows a better understanding of the results of operational activities separate from the financial impact of decisions made for the long-term benefit of the company. 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. Using only the non-GAAP earnings measures to analyze earnings would have material limitations because its calculation is based on the subjective determinations of management regarding the nature and classification of events and circumstances that investors may find material. Management compensates for these limitations by utilizing both GAAP and non-GAAP earnings measures reflected above to understand and analyze the results of the business. 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.

⁽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 Automotive has presented EBITDA because it regularly reviews EBITDA as a measure of the company's performance. In addition, Tenneco Automotive believes its debt holders utilize and analyze our EBITDA for similar purposes. Tenneco Automotive 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.