

TENNECO AUTOMOTIVE INC. AND CONSOLIDATED SUBSIDIARIES
STATEMENTS OF INCOME

Unaudited

SIX MONTHS ENDED JUNE 30,

(Millions except share and per share amounts)

	<u>2004</u>	<u>2003</u>
Net sales and operating revenues:	<u>\$2,148</u> (a)	<u>\$1,919</u>
Costs and Expenses		
Cost of Sales (exclusive of depreciation shown below)	1,704 (b)	1,522 (e)
Engineering, Research and Development	36	32
Selling, General and Administrative	209 (a) (b) (c)	185
Depreciation and Amortization of Other Intangibles	<u>89</u>	<u>80</u>
Total Costs and Expenses	<u>2,038</u>	<u>1,819</u>
Loss on sale of receivables	(1)	(1)
Other Income (Loss)	-	(1)
Total Other Income (Loss)	<u>(1)</u>	<u>(2)</u>
Income before Interest Expense, Income Taxes, and Minority Interest		
North America	80 (a) (b) (c)	77 (e)
Europe	11 (b) (c)	10 (e)
Other	<u>18</u> (c)	<u>11</u>
	109	98
Less:		
Interest expense (net of interest capitalized)	69	69 (f)
Income tax expense (benefit)	9 (d)	1 (g)
Minority interest	<u>3</u>	<u>3</u>
Net income	<u>\$ 28</u>	<u>\$ 25</u>
Average common shares outstanding:		
Basic	<u>41.1</u>	<u>40.2</u>
Diluted	<u>43.8</u>	<u>41.1</u>
Earnings per share of common stock:		
Basic	<u>\$ 0.69</u>	<u>\$ 0.61</u>
Diluted	<u>\$ 0.65</u>	<u>\$ 0.60</u>

(a) Includes changover costs for a new aftermarket customer acquired in the first quarter of \$8 million pre-tax, \$5 million after-tax or \$0.11 per share. Of the adjustment \$6 million is recorded in Sales and \$2 million is recorded in SG&A. Geographically all of the charge is recorded in North America.

(b) Includes restructuring and restructuring related charges of \$10 million pre-tax, \$6 million after tax or \$0.14 per share. Of the adjustment \$2 million is recorded in SG&A and the remaining \$8 million is in cost of sales. Geographically, \$3 million is recorded in North America and \$7 million in Europe.

(c) Includes consulting fees indexed to stock price of \$4 million pre-tax, \$3 million after-tax or \$0.06 per share. The entire charge is recorded in SG&A. Geographically \$2 million of the charge is recorded in North America, \$1 million in Europe and \$1 million in Other.

(d) Includes a \$5 million or \$0.11 per share tax benefit related to the resolution of outstanding tax issues.

(e) Includes restructuring and restructuring related charges of \$6 million pre-tax, \$3 million after-tax or \$0.09 per share. The entire charge is recorded in cost of sales. Geographically, \$3 million is recorded in North America and \$3 million in Europe.

(f) Includes a pre-tax expense of \$5 million, \$3 million after-tax or \$0.07 per share related to debt issuance costs that were deferred on the senior debt we paid down with the proceeds of the June 2003 \$350 million bond offering.

(g) Includes an \$11 million or \$0.26 per share tax benefit related to the resolution of outstanding tax issues.