

TENNECO INC. AND CONSOLIDATED SUBSIDIARIES
STATEMENTS OF INCOME
Unaudited
THREE MONTHS ENDED JUNE 30,
(Millions except per share amounts)

	<u>2007</u>	<u>2006⁽¹⁾</u>
Net sales and operating revenues	<u>\$ 1,663</u>	<u>\$ 1,221</u>
Costs and Expenses		
Cost of Sales (exclusive of depreciation shown below)	1,377 (a)	971 (b)
Engineering, Research and Development	29	22
Selling, General and Administrative	105	106 (b) (c)
Depreciation and Amortization of Other Intangibles	<u>50</u>	<u>47</u>
Total Costs and Expenses	<u>1,561</u>	<u>1,146</u>
Loss on sale of receivables	(1)	(1)
Other Income (Expense)	<u>1</u>	<u>-</u>
Total Other Expense	<u>-</u>	<u>(1)</u>
Income before Interest Expense, Income Taxes, and Minority Interest		
North America	49	37 (b) (c)
Europe & South America	45 (a)	35 (b)
Asia Pacific	<u>8</u>	<u>2</u> (b)
	102	74
Less:		
Interest expense (net of interest capitalized)	40	35
Income tax expense	20	14
Minority interest	<u>2</u>	<u>1</u>
Net Income	<u>40</u>	<u>24</u>
Average common shares outstanding:		
Basic	<u>45.8</u>	<u>44.5</u>
Diluted	<u>47.7</u>	<u>47.2</u>
Earnings per share of common stock:		
Basic	<u>\$ 0.88</u>	<u>\$ 0.55</u>
Diluted	<u>\$ 0.84</u>	<u>\$ 0.51</u>

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

(b) Includes restructuring and restructuring related charges of \$8 million pre-tax, \$5 million after tax or \$0.12 per share. Of the adjustment \$7 million is recorded in cost of sales and \$1 million is recorded in SG&A. Geographically, \$4 million is recorded in North America, \$3 million in Europe and South America and \$1 million is recorded in Asia Pacific.

(c) Includes customer changeover costs of \$6 million pre-tax, \$4 million after-tax or \$0.08 per share.

⁽¹⁾ As disclosed in Tenneco's July 23, 2007 press release, Tenneco is restating 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 preliminary results of the restatement.