

TENNECO INC. AND CONSOLIDATED SUBSIDIARIES
STATEMENTS OF INCOME

Unaudited
SIX MONTHS ENDED June 30,
(Millions except per share amounts)

	<u>2007⁽¹⁾</u>	<u>2006⁽¹⁾</u>
Net sales and operating revenues	<u>\$ 3,063</u>	<u>\$ 2,352</u>
Costs and Expenses		
Cost of Sales (exclusive of depreciation shown below)	2,557 (a)	1,892 (c)
Engineering, Research and Development	56	44
Selling, General and Administrative	200 (a)	207 (c) (d)
Depreciation and Amortization of Other Intangibles	98	91
Total Costs and Expenses	<u>2,911</u>	<u>2,234</u>
Loss on sale of receivables	(3)	(2)
Other Income	3	(1)
Total Other Income / (Expense)	<u>-</u>	<u>(3)</u>
Income before Interest Expense, Income Taxes, and Minority Interest		
North America	79 (a)	70 (c) (d)
Europe, South America & India	59 (a)	43 (c)
Asia Pacific	14	2 (c)
	<u>152</u>	<u>115</u>
Less:		
Interest expense (net of interest capitalized)	81 (b)	72
Income tax expense	22	14 (e)
Minority interest	4	2
Net Income	<u>45</u>	<u>27</u>
Average common shares outstanding:		
Basic	<u>45.6</u>	<u>44.2</u>
Diluted	<u>47.4</u>	<u>46.9</u>
Earnings per share of common stock:		
Basic	<u>\$ 0.98</u>	<u>\$ 0.62</u>
Diluted	<u>\$ 0.95</u>	<u>\$ 0.59</u>

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

(b) 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 our debt refinancing in March of 2007.

(c) Includes restructuring and restructuring related charges of \$14 million pre-tax, \$9 million after tax or \$0.21 per share, of which \$13 million is recorded in cost of sales and \$1 million is recorded in SG&A. Geographically, \$7 million is recorded in North America, \$4 million in Europe and South America and \$3 million in Asia Pacific.

(d) Includes customer changeover costs of \$6 million pre-tax, \$4 million after-tax or \$0.09 per share.

(e) Includes a \$3 million or \$0.06 per share tax benefit, primarily related to resolution of tax issues.

⁽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.