

TENNECO INC.  
RECONCILIATION OF NON-GAAP MEASURES <sup>(8)</sup>  
Debt net of cash / Adjusted EBITDA - LTM  
Unaudited

	<u>Quarter Ended June 30</u>				
	<u>2007</u>		<u>2006</u>		
Total debt	\$	1,450		\$	1,379
Cash and cash equivalents		168			123
Debt net of cash balances <sup>(1)</sup>		1,282			1,256
Adjusted LTM EBITDA		441			419
Ratio of net debt to adjusted LTM EBITDA <sup>(2)</sup>		2.9x			3.0x
	<u>Q3 06</u>	<u>Q4 06</u>	<u>Q1 07</u>	<u>Q2 07</u>	<u>Q2 07 LTM</u>
Net income	9	17	5	40	71
Minority interest	2	2	2	2	8
Income tax expense	3	(15)	2	20	10
Interest expense (net of interest capitalized)	30	35	41	40	146
EBIT, Income before interest expense, income taxes and minority interest (GAAP measure)	44	39	50	102	235
Depreciation and amortization of other intangibles	45	48	48	50	191
Total EBITDA <sup>(3)</sup>	89	87	98	152	426
Restructuring and restructuring related expenses	7	6	2	2	17
New Aftermarket customer changeover costs <sup>(4)</sup>	-	-	-	-	-
Pension Curtailment <sup>(5)</sup>	-	(7)	-	-	(7)
Reserve for receivables from former affiliate	-	3	-	-	3
Stock Option Adjustment <sup>(6)</sup>	-	2	-	-	2
Total Adjusted EBITDA <sup>(7)</sup>	<u>96</u>	<u>91</u>	<u>100</u>	<u>154</u>	<u>441</u>
	<u>Q3 05</u>	<u>Q4 05</u>	<u>Q1 06</u>	<u>Q2 06</u>	<u>Q2 06 LTM</u>
Net income	10	8	2	24	44
Minority interest	-	1	1	1	3
Income tax expense	7	(4)	1	14	18
Interest expense (net of interest capitalized)	33	34	37	35	139
EBIT, Income before interest expense, income taxes and minority interest (GAAP measure)	50	39	41	74	204
Depreciation and amortization of other intangibles	44	43	44	47	178
Total EBITDA <sup>(3)</sup>	94	82	85	121	382
Restructuring and restructuring related expenses	2	5	6	8	21
New Aftermarket customer changeover costs <sup>(4)</sup>	-	10	-	6	16
Total adjusted EBITDA <sup>(7)</sup>	<u>96</u>	<u>97</u>	<u>91</u>	<u>135</u>	<u>419</u>

<sup>(1)</sup>Tenneco presents debt net of cash balances because management believes it is a useful measure of Tenneco's credit position and progress toward reducing leverage. The calculation is limited in that the company may not always be able to use cash to repay debt on a dollar-for-dollar basis.

<sup>(2)</sup>Tenneco presents the above reconciliation of the ratio debt net of cash to the last twelve months (LTM) of adjusted EBITDA to show trends that investors may find useful in understanding the company's ability to service its debt. For purposes of this calculation, adjusted LTM EBITDA is used as an indicator of the company's performance over the most recent twelve months and debt net of cash is presented as an indicator of our credit position and progress toward reducing our financial leverage. LTM adjusted EBITDA is used to reflect annual values and remove seasonal fluctuations. This reconciliation is provided as supplemental information and not intended to replace the company's existing covenant ratios or any other financial measures that investors may find useful in describing the company's financial position. See notes (1), (3) and (4) for a description of the limitations of using debt net of cash, EBITDA and adjusted EBITDA.

<sup>(3)</sup>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 Inc. has presented EBITDA because it regularly reviews EBITDA as a measure of the company's performance. In addition, Tenneco believes its debt holders utilize and analyze our EBITDA for similar purposes. Tenneco 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.

<sup>(4)</sup> Represents costs associated with changing new aftermarket customers from their prior suppliers to an inventory of our products. Although our aftermarket business regularly incurs changeover costs, we specifically identify in the table above those changeover costs that, based on the size or number of customers involved, we believe are of an unusual nature for the quarter in which they were incurred.

<sup>(5)</sup> In August 2006, we announced that we were freezing future accruals under our U.S. defined benefit pension plans for substantially all our U.S. salaried and non-union hourly employees effective December 31, 2006. In lieu of those benefits, we are offering additional benefits under defined contribution plan.

<sup>(6)</sup> The adjustment is related to our past administration of stock option grants and represents an adjustment for several prior years.

<sup>(7)</sup> Adjusted EBITDA is presented in order to reflect the results in a manner that allows a better understanding of operational activities separate from the financial impact of decisions made for the long term benefit of the company and other items impacting comparability between the periods. 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. 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.

<sup>(8)</sup> 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.