

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

	<u>2006</u>	<u>2005</u>
Net sales and operating revenues	<u>\$ 1,122</u>	<u>\$ 1,096</u>
Costs and Expenses		
Cost of Sales (exclusive of depreciation shown below)	926 (a)	889 (b)
Engineering, Research and Development	24	22
Selling, General and Administrative	82 (a)	96
Depreciation and Amortization of Other Intangibles	45	44
Total Costs and Expenses	<u>1,077</u>	<u>1,051</u>
Loss on sale of receivables	(2)	(1)
Other Income	2	6
Total Other Income	<u>-</u>	<u>5</u>
Income before Interest Expense, Income Taxes, and Minority Interest		
North America	16 (a)	37
Europe & South America	24 (a)	9 (b)
Asia Pacific	5 (a)	4
	<u>45</u>	<u>50</u>
Less:		
Interest expense (net of interest capitalized)	34	33
Income tax expense	3	7
Minority interest	2	-
Net Income	<u>6</u>	<u>10</u>
Average common shares outstanding:		
Basic	<u>45.0</u>	<u>43.3</u>
Diluted	<u>47.2</u>	<u>45.6</u>
Earnings per share of common stock:		
Basic	<u>\$ 0.13</u>	<u>\$ 0.25</u>
Diluted	<u>\$ 0.12</u>	<u>\$ 0.23</u>

(a) Includes restructuring and restructuring related charges of \$7 million pre-tax, \$4 million after tax or \$0.10 per share. Of the adjustment \$6 million is recorded in cost of sales and \$1 million is recorded in SG&A. Geographically, \$3 million is recorded in North America, \$2 million in Europe and South America and \$2 million is recorded in Asia Pacific.

(b) Includes restructuring and restructuring related charges of \$2 million pre-tax, \$2 million after tax or \$0.04 per share. The entire \$2 million adjustment is recorded in cost of sales and geographically in Europe and South America.