

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

	<u>2006</u>	<u>2005</u>
Net sales and operating revenues	<u>\$ 3,476</u>	<u>\$ 3,377</u>
Costs and Expenses		
Cost of Sales (exclusive of depreciation shown below)	2,819 (a)	2,718 (e)
Engineering, Research and Development	68	64
Selling, General and Administrative	290 (a) (b) (c)	287 (e)
Depreciation and Amortization of Other Intangibles	<u>136</u>	<u>134</u>
Total Costs and Expenses	<u>3,313</u>	<u>3,203</u>
Loss on sale of receivables	(4)	(2)
Other Income	<u>1</u>	<u>5</u>
Total Other Income / (Expense)	<u>(3)</u>	<u>3</u>
Income before Interest Expense, Income Taxes, and Minority Interest		
North America	87 (a) (b) (c)	126 (e)
Europe & South America	66 (a)	41 (e)
Asia Pacific	<u>7 (a)</u>	<u>10</u>
	160	177
Less:		
Interest expense (net of interest capitalized)	101	97
Income tax expense	18 (d)	29 (f)
Minority interest	<u>4</u>	<u>1</u>
Net Income	<u>37</u>	<u>50</u>
Average common shares outstanding:		
Basic	<u>44.5</u>	<u>43.0</u>
Diluted	<u>46.8 (b)</u>	<u>45.2</u>
Earnings per share of common stock:		
Basic	<u>\$ 0.84</u>	<u>\$ 1.17</u>
Diluted	<u>\$ 0.79 (b)</u>	<u>\$ 1.11</u>

(a) Includes restructuring and restructuring related charges of \$21 million pre-tax, \$13 million after tax or \$0.31 per share, of which \$19 million is recorded in cost of sales and \$2 million is recorded in SG&A. Geographically, \$10 million is recorded in North America, \$6 million in Europe and South America and \$5 million in Asia Pacific.

(b) Includes \$1 million pre-tax and after tax increase in stock compensation expense associated with the adoption of FAS 123R. Adoption of this accounting standard also increased the calculated number of diluted shares by 0.6 million for a combined impact of \$0.02 per share.

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

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

(e) Includes restructuring and restructuring related charges of \$7 million pre-tax, \$5 million after tax or \$0.11 per share. Of the charges, \$6 million is recorded in cost of sales and the remaining \$1 million is in SG&A. Geographically, \$2 million is recorded in North America and \$5 million in Europe and South America.

(f) Includes a \$1 million or \$0.02 per share tax expense primarily related to adjusting state tax net operating loss carry forwards.