

TENNECO INC. AND CONSOLIDATED SUBSIDIARIES
STATEMENTS OF INCOME

Unaudited
NINE MONTHS ENDED SEPTEMBER 30,
(Millions except per share amounts)

	<u>2007</u>	<u>2006⁽¹⁾</u>
Net sales and operating revenues	<u>\$ 4,619</u>	<u>\$ 3,473</u>
Costs and Expenses		
Cost of Sales (exclusive of depreciation shown below)	3,869 (a)	2,817 (e)
Engineering, Research and Development	86	68
Selling, General and Administrative	300 (a) (b)	288 (e) (f)
Depreciation and Amortization of Other Intangibles	<u>150</u>	<u>136</u>
Total Costs and Expenses	<u>4,405</u>	<u>3,309</u>
Loss on sale of receivables	(8)	(7)
Other Income	<u>3</u>	<u>-</u>
Total Other Income / (Expense)	<u>(5)</u>	<u>(7)</u>
Income before Interest Expense, Income Taxes, and Minority Interest		
North America	104 (a) (b)	85 (e) (f)
Europe, South America & India	80 (a)	65 (e)
Asia Pacific	<u>25</u>	<u>7 (e)</u>
	209	157
Less:		
Interest expense (net of interest capitalized)	112 (c)	102
Income tax expense	22 (d)	17 (g)
Minority interest	<u>8</u>	<u>4</u>
Net Income	<u>67</u>	<u>34</u>
Average common shares outstanding:		
Basic	<u>45.7</u>	<u>44.5</u>
Diluted	<u>47.5</u>	<u>46.8</u>
Earnings per share of common stock:		
Basic	<u>\$ 1.48</u>	<u>\$ 0.78</u>
Diluted	<u>\$ 1.42</u>	<u>\$ 0.74</u>

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

(b) Includes customer changeover costs of \$5 million pre-tax, \$3 million after-tax or \$0.06 per share.

(c) 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.

(d) Includes an \$8 million or \$0.18 per share tax benefit, primarily related to tax rate changes in Germany and adjustments for prior year tax returns.

(e) 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, South America and India and \$5 million in Asia Pacific.

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

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

(1) As disclosed in Tenneco's Form 10-K/A filed August 14, 2007, Tenneco restated 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 results of the restatement.