

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

	<u>2008</u>	<u>2007</u>
Net sales and operating revenues	<u>\$ 1,497</u>	<u>\$ 1,556</u>
Costs and Expenses		
Cost of Sales (exclusive of depreciation shown below)	1,298 (a)	1,313 (c)
Engineering, Research and Development	29	30
Selling, General and Administrative	87 (a)	101 (d)
Depreciation and Amortization of Other Intangibles	56	52
Total Costs and Expenses	<u>1,470</u>	<u>1,496</u>
Loss on sale of receivables	(3)	(3)
Other Income (Expense)	4	-
Total Other Income (Expense)	<u>1</u>	<u>(3)</u>
Income (Loss) before Interest Expense, Income Taxes, and Minority Interest		
North America	(2) (a)	24 (d)
Europe, South America & India	24 (a)	22 (c)
Asia Pacific	6	11
	<u>28</u>	<u>57</u>
Less:		
Interest expense (net of interest capitalized)	30	32
Income tax expense	131 (b)	- (e)
Minority interest	3	4
Net Income (Loss)	<u>(136)</u>	<u>21</u>
Average common shares outstanding:		
Basic	<u>46.4</u>	<u>46.0</u>
Diluted	<u>47.3</u>	<u>47.9</u>
Earnings (Loss) per share of common stock:		
Basic	<u>\$ (2.92)</u>	<u>\$ 0.47</u>
Diluted	<u>\$ (2.92)</u>	<u>\$ 0.45</u>

(a) Includes restructuring and restructuring related charges of \$6 million pre-tax, \$4 million after tax or \$0.09 per diluted share. Of the adjustment \$3 million is recorded in cost of sales and \$3 million is recorded in SG&A. Geographically, \$5 million is recorded in North America and \$1 million in Europe, South America and India

(b) Includes tax charges of \$132 million or \$2.84 per diluted share, primarily related to recording a valuation allowance against the company's deferred tax assets and the repatriating of cash from Brazil.

(c) Includes restructuring and restructuring related charges of \$3 million before and after tax or \$0.05 per diluted share, all of which is recorded in cost of sales in Europe, South America and India.

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

(e) Includes an \$8 million or \$0.17 per share tax benefit, primarily related to tax rate changes in Germany and adjustments for prior year tax returns.