

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

	<u>2008</u>	<u>2007</u>
Net sales and operating revenues	<u>\$ 4,708</u>	<u>\$ 4,619</u>
Costs and Expenses		
Cost of Sales (exclusive of depreciation shown below)	4,007 (a)	3,869 (d)
Engineering, Research and Development	99	86
Selling, General and Administrative	294 (a) (b)	300 (d) (e)
Depreciation and Amortization of Other Intangibles	<u>168</u>	<u>150</u>
Total Costs and Expenses	<u>4,568</u>	<u>4,405</u>
Loss on sale of receivables	(7)	(8)
Other Income (Expense)	<u>9</u>	<u>3</u>
Total Other Income (Expense)	<u>2</u>	<u>(5)</u>
Income before Interest Expense, Income Taxes, and Minority Interest		
North America	24 (a) (b)	104 (d) (e)
Europe, South America & India	97 (a)	80 (d)
Asia Pacific	<u>21 (a)</u>	<u>25</u>
	142	209
Less:		
Interest expense (net of interest capitalized)	88	112 (f)
Income tax expense	163 (c)	22 (g)
Minority interest	<u>8</u>	<u>8</u>
Net Income (Loss)	<u>(117)</u>	<u>67</u>
Average common shares outstanding:		
Basic	<u>46.4</u>	<u>45.7</u>
Diluted	<u>47.5</u>	<u>47.5</u>
Earnings (Loss) per share of common stock:		
Basic	<u>\$ (2.53)</u>	<u>\$ 1.48</u>
Diluted	<u>\$ (2.53)</u>	<u>\$ 1.42</u>

(a) Includes restructuring and restructuring related charges of \$16 million pre-tax, \$11 million after tax or \$0.23 per diluted share. Of the adjustment \$9 million is recorded in cost of sales and \$7 million is recorded in SG&A. Geographically, \$7 million is recorded in North America, \$7 million in Europe, South America and India and \$2 million in Asia Pacific

(b) Includes customer changeover costs of \$7 million pre-tax, \$4 million after-tax or \$0.09 per diluted share.

(c) Includes tax charges of \$146 million or \$3.13 per diluted share, primarily related to recording a valuation allowance against the company's deferred tax assets and the repatriating of cash from Brazil.

(d) Includes restructuring and restructuring related charges of \$7 million pre-tax, \$5 million after tax or \$0.11 per diluted 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 and \$6 million in Europe, South America and India.

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

(f) Includes a pre-tax expense of \$5 million, \$4 million after-tax or \$0.07 per diluted share related to the write off of debt issuance costs from the debt refinancing in March 2007.

(g) 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.