

TENNECO INC. AND CONSOLIDATED SUBSIDIARIES
STATEMENTS OF INCOME (LOSS)
Unaudited
THREE MONTHS ENDED DECEMBER 31,
(Millions except per share amounts)

	<u>2009</u>	<u>2008</u>
Net sales and operating revenues	<u>\$ 1,322</u>	<u>\$ 1,208</u>
Costs and expenses		
Cost of sales (exclusive of depreciation shown below)	1,092 (a)	1,056 (c)
Goodwill impairment charge	-	114 (d)
Engineering, research and development	25	28 (c)
Selling, general and administrative	88	98 (c)
Depreciation and amortization of other intangibles	<u>59 (a)</u>	<u>54</u>
Total costs and expenses	<u>1,264</u>	<u>1,350</u>
Loss on sale of receivables	(3)	(3)
Other income (expense)	<u>(2)</u>	<u>-</u>
Total other income (expense)	<u>(5)</u>	<u>(3)</u>
Income before interest expense, income taxes, and noncontrolling ownership interests		
North America	15 (a)	(131) (c) (d)
Europe, South America & India	21 (a)	(12) (c)
Asia Pacific	<u>17</u>	<u>(2)</u>
	53	(145)
Less:		
Interest expense (net of interest capitalized)	32	25
Income tax expense (benefit)	<u>(5) (b)</u>	<u>126 (e)</u>
Net income (loss)	26	(296)
Less: Net income attributable to noncontrolling interests	<u>9</u>	<u>2</u>
Net income (loss) attributable to Tenneco Inc.	<u>\$ 17</u>	<u>\$ (298)</u>
Average common shares outstanding:		
Basic	<u>52.8</u>	<u>46.5</u>
Diluted	<u>54.6</u>	<u>46.5</u>
Earnings (Loss) per share of common stock:		
Basic	<u>\$ 0.33</u>	<u>\$ (6.40)</u>
Diluted	<u>\$ 0.32</u>	<u>\$ (6.40)</u>

(a) Includes restructuring and related charges of \$4 million pre-tax, \$3 million after tax or \$0.04 per diluted share. Of the adjustment \$2 million is recorded in cost of sales and \$2 million is recorded in depreciation. Geographically, \$3 million is recorded in North America and \$1 million in Europe, South America and India.

(b) Includes a non-cash tax benefit of \$13 million or \$0.23 per diluted share primarily related to adjustments to valuation allowances for deferred tax assets net of the impact of not benefiting U.S. and foreign tax losses.

(c) Includes restructuring and related charges of \$24 million pre-tax, \$16 million after tax or \$0.34 per diluted share. Of the adjustment \$8 million is recorded in cost of sales, \$1 million is recorded in engineering and \$15 million is recorded in SG&A. Geographically, \$9 million is recorded in North America and \$15 million in Europe, South America and India.

(d) Represents Goodwill impairment charge recorded in North America of \$114 million or \$2.44 per diluted share.

(e) Includes tax charges of \$144 million or \$3.11 per diluted share related to the \$101 million valuation allowance against the company's U.S. deferred tax assets, as well as a \$16 million impact of not benefiting U.S. tax losses, \$11 million for changes in foreign tax rates, valuation allowances of \$4 million in certain foreign countries and other tax adjustments.