



TENNECO
Automotive



People Driving Progress

2001 Annual Report

Tenneco Automotive at a Glance

Leading Brands.



Corporate Profile. Tenneco Automotive is one of the world's largest designers, manufacturers and marketers of emission control and ride control products and systems for the automotive original equipment market and aftermarket. The company became an independent corporation in 1999, allowing singular focus on strategies to maximize global results.

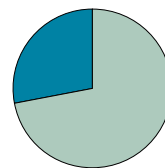
Tenneco Automotive markets its products principally under the Monroe®, Walker®, Gillet™ and Clevite™ brand names. Leading manufacturers worldwide use our products in their vehicles, attracted principally by our groundbreaking advanced technologies. We are one of the top suppliers to the automotive aftermarket, offering exceptionally strong brand recognition among consumers and trade personnel.

Tenneco Automotive employs 21,600 people worldwide.

Strategic Balance. The company is well balanced in its business, product and geographical mix.

'01 OE/AM Revenue Balance

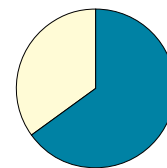
(in percent)



● Original Equipment Market 72%
● Automotive Aftermarket 28%

'01 Product Balance

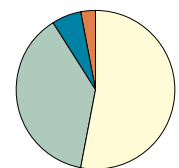
(in percent)



● Emission Control 65%
● Ride Control 35%

'01 Geographic Revenue Balance

(in percent)



● North America 53%
● Europe 38%
● International (South America and Asia) 6%
● Australia 3%

Our Mission. Tenneco Automotive's mission is to delight our customers as the number-one technology-driven, global manufacturer and marketer of value-differentiated ride control, emission control and elastomer products and systems.

We will strengthen our leading position through a shared-value culture of employee involvement, where an intense focus on continued improvement delivers shareholder value in everything we do.

Our Vision:
Pioneering global ideas for cleaner, quieter and safer transportation.

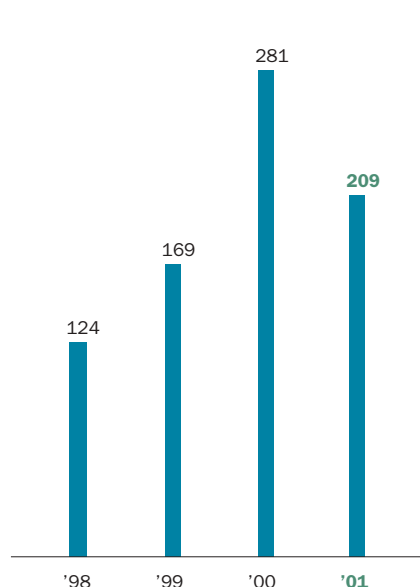
Financial Highlights

(dollars in millions except per share amounts)

	2001	2000	1999
Sales ¹	\$3,364	\$3,528	\$3,260
Earnings before interest, taxes, depreciation and amortization ¹	\$ 300	\$ 336	\$ 374
Earnings before interest and taxes ¹	\$ 147	\$ 185	\$ 230
Income from continuing operations ¹	\$ (18)	\$ 4	\$ 24
Earnings per share, diluted	\$ (0.48)	\$.10	\$.74
Capital expenditures	\$ 127	\$ 146	\$ 154
Depreciation and amortization	\$ 153	\$ 151	\$ 144
Average diluted shares outstanding	38,001,248	34,906,825	33,656,063
Total debt	\$1,515	\$1,527	\$1,634

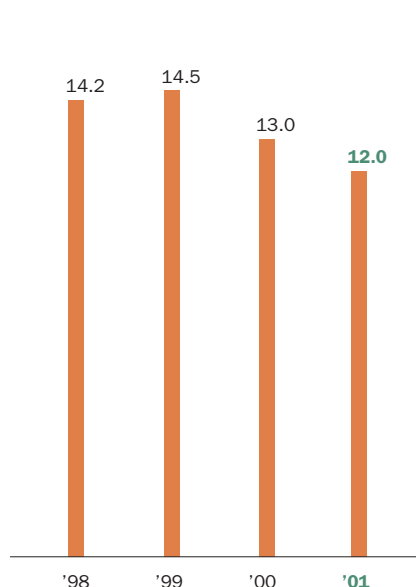
Cash Flow²

(dollars in millions)



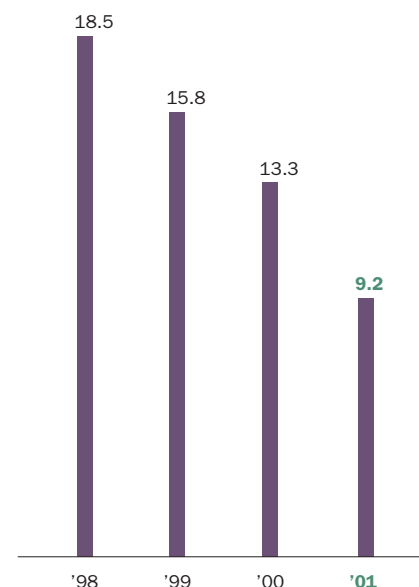
SGA&E Expense³

(percentage of sales)



Working Capital⁴

(percentage of sales)



¹ Revenues for 2000 and 1999 have been reduced by \$21 million and \$19 million, respectively, to reflect the reclassification of certain sales incentives that were previously shown in selling, general and administrative expense. The information presented for 2001 is before restructuring and other charges, an environmental charge, costs associated with the amendment of certain terms of our senior credit facility and a tax charge, which combined reduced EBIT by \$55 million, net income by \$112 million and earnings per share by \$2.95. The information presented for 2000 is before restructuring and other charges, a stock option buyback and a reversal of a reserve, which combined reduced EBIT by \$65 million, net income by \$45 million and earnings per share by \$1.28. The information presented for 1999 is before a charge for restructuring and transaction and other expenses and also includes pro forma adjustments to recognize incremental stand-alone expenses equal to those incurred in 2000 and to adjust the 1999 capital structure to be consistent with 2000. Combined, these items reduced 1999 EBIT by \$82 million, net income by \$87 million and earnings per share by \$2.61. Additional information about these items can be found in Selected Financial Data and Management's Discussion and Analysis in our Annual Report on Form 10-K for the year ended December 31, 2001.

² Before financing activities, interest and taxes.

³ Before restructuring and other charges, transaction costs, stock option buy back and senior credit facility amendment costs, which increased SGA&E by \$15, \$37, \$80 and \$53 million in 2001, 2000, 1999 and 1998, respectively. Results for 1998 and 1999 have been adjusted to reflect stand-alone costs at the same level as 2000.

⁴ Working capital includes accounts receivable and the balance of accounts receivable securitization, inventory, prepayments and other current assets, accounts payable, accrued liabilities and other current liabilities.

To Our Shareholders

In just our second year as a stand-alone company, Tenneco Automotive made significant progress executing strategies for reducing debt and strengthening customer relationships. We concentrated on improving internal factors that we could control to help offset the challenging external operating environment. And, although our sales and earnings results were undercut by the weak automotive market and tough global economies in 2001, our strategies – driven by an outstanding employee effort worldwide – yielded notable results. We reduced our net debt (total book value of debt minus cash) by \$30 million and gained more than 55 new business awards from customers around the world.

For the year, SGA&E expenses as a percent of sales, before restructuring and other charges, fell 1 percentage point, and working capital as a percent of sales, before factoring, declined more than 4 percentage points, evidence of our cost cutting and cash management success.

Specifically, year-over-year improvement in these key metrics resulted from better operating efficiency,

We will continue to leverage our advanced technology, global reach and brand strength – competitive distinctions that set us apart as a leader in ride and emission control systems.

controlled spending, reduced inventory levels and lower receivables. We achieved:

- \$71 million in annualized savings from restructuring activities;
- \$19 million in Six Sigma cost savings, a quality improvement initiative;
- \$19 million reduction in capital expenditures;
- \$92 million reduction in receivables balances; and
- \$96 million reduction in inventories.

These efforts generated financial results that enabled us to exceed the debt covenant requirements of our bank lenders. They also positioned us better than many of our peers on year-over-year key performance metrics. A major driver of this progress was employing EVA® (Economic Value Added)¹ techniques to generate cash and target the best return on capital. And, by linking EVA improvement to compensation, we ensured that employees had a stake in enhancing our business.

People Driving Progress. Our progress last year was achieved through the daily effort and initiative of our employees around the globe. I'm proud of how we've come together as a team since we began operating as a stand-alone company. We are unified in our goals and in the direction we're taking to meet those goals.

Employees at Tenneco Automotive have been working in cross-functional, cross-divisional teams, planning and executing strategies to drive improved results. In a very competitive market during 2001, they won new original equipment (OE) business that is expected to generate \$1.1 billion in revenues over the next five years, and new aftermarket business worth more than \$40 million in revenues annually. At the same time,

¹ EVA® is after-tax operating profit minus the annual cost of capital. EVA® is a registered trademark of Stern Stewart & Co.

they found ways to save money, cut costs and improve product quality, while saving time and materials using quality improvement processes to find new, more efficient ways to work. In 2001, these actions generated a \$7 million improvement in EVA over 2000.

A Balanced Approach to Financial Improvement.

For 2002, we're continuing to balance cost reduction strategies with revenue generating initiatives. We are striving to maintain SGA&E at current levels, further decrease working capital, and achieve full-year improvement in gross margin performance. We also are working to expand our business base and capitalize on growth opportunities.

Streamlining Infrastructure and Improving Business

Processes. This year we will continue to streamline our manufacturing and distribution infrastructure to better position Tenneco Automotive for an eventual industry upturn. We are working to create a fundamentally new cost structure through an initiative we call Project Genesis. Genesis has a global objective of better matching production capacity to the market by restructuring our manufacturing and distribution system, as well as the logistics and information technology operations that support it. The first phase of Genesis will close eight facilities. In addition, we are rearranging and streamlining the workflow at 20 manufacturing plants this year to optimize the production flow from raw materials through finished goods to distribution.

We expect to substantially complete these phase-one actions by the end of the first quarter of 2003, and anticipate they will generate \$11 million in savings during 2002, and \$30 million in annualized savings beginning in 2004. Future phases of this initiative, which still need to be finalized, will require approval by the company's board of directors and will also likely require senior lender approval.



Mark P. Frissora
Chairman and Chief Executive Officer

Leveraging Brand Strength, Global Reach and Innovative Technologies.

In 2002, conditions in the North American medium/heavy-duty truck market and the U.S. light vehicle market are expected to bottom or begin to recover. More sophisticated technologies and heightened environmental regulations should stimulate OE demand in North America and Europe. We also see a recovering North American aftermarket and a more stable aftermarket in Europe. For our part, we will continue to leverage our advanced technology, global reach and brand strength – competitive distinctions that set us apart as a leader in ride and emission control systems.

In the aftermarket, our strategies to improve profitability and further expand market share include winning new business and leveraging new product introductions and our premium product offering. We anticipate moderately increased North American demand for replacement parts in 2002 with a growing number

of vehicles currently on the road moving into the six- to 10-year age range, the prime vehicle age for replacement parts.

We will complete the launch of our Monroe® Reflex™ shock absorbers in the European aftermarket this year, following the successful North American introduction of Reflex in 2000. We also plan to stimulate demand for higher-margin ride control products through a major global marketing campaign, the Safety TriangleSM. Our Safety Triangle promotion educates consumers on the importance of shocks and struts for vehicle stopping, steering and stability, and encourages motorists to have ride control parts inspected and replaced more frequently for safer driving.

On the OE front, we are using strong technological capabilities to win new business by helping customers meet increasingly stringent environmental requirements and address safety concerns. For example, we have developed a diesel particulate filter that virtually eliminates particulates from diesel emissions. Demand for diesel vehicles has sharply increased in Europe and is expected to accelerate in North America over the next decade. In ride control, we have developed an oil-free shock as well as a computerized electronic shock (CES). CES is a major step forward in vehicle handling and safety that has already been awarded business by one OE manufacturer with a second award pending.

Strategic Alliances Provide Access to New Opportunities.

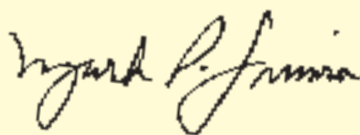
We also intend to continue expanding our global business through strategic alliances and joint ventures. These structures create growth opportunities with minimal capital investment. During 2001, we formed a joint venture in Thailand with Yarnapund Co. Ltd. to supply OE emission control products. Last year we also formed an alliance with Tokico Ltd., which followed our partnering in 2000 with Futaba Industrial Co. These strategic alliances with top-tier Japanese suppliers

have already resulted in OE awarded business that is expected to generate \$461 million in revenues between 2002 and 2006.

Staying the Course in 2002. Industry experts predict another difficult year for automakers and suppliers in 2002. At Tenneco Automotive, we plan to stay the course. We will remain focused on our goals and aggressive in our actions, continuing to balance our short-term and long-range objectives.

In the near term, debt reduction remains our overarching goal. Over the longer term, we will concentrate on building our business through strategic alliances, strengthening our brands and leveraging our advanced technology capabilities.

Despite ongoing industry and economic challenges, our employees continue to respond magnificently, laying the foundation for a stronger, more efficient business. I applaud their accomplishments, hard work and dedicated efforts, and am proud to be a member of the Tenneco Automotive team.



Mark P. Frissora

Chairman and Chief Executive Officer
April 2002

People Driving Progress

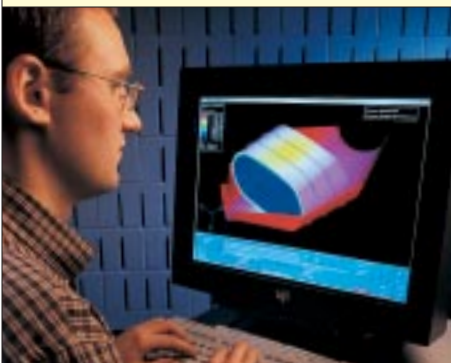
Our primary 2001 goal was reducing debt using a clear strategy, backed by world-class tools like Six Sigma. The following pages describe how we moved toward our goal while also working to achieve long-term, profitable growth through strong brands, advanced technology capabilities and strategic alliances. But the most important element for our success was the performance of the people of Tenneco Automotive – People Driving Progress.

Cutting Costs

The Six Sigma program is a key initiative for eliminating waste and unnecessary expense at our facilities throughout the world. To date, more than 100 employees have completed Six Sigma Black Belt training. Their corrective actions have produced higher-quality products and process improvements, saving \$19 million worldwide during 2001. At the Cozad, Nebraska, ride control plant, a Six Sigma team corrected a longstanding weld problem within the production process, sharply cutting scrap rates and reducing rework. Changes in parts design, adjusting quality control and adding worker training saved the plant some \$65,000 annually.



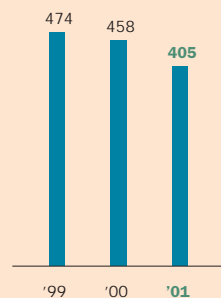
Six Sigma Black Belt Ryan Sperko (standing) briefs Tim Bombrys, chief engineer, ride control, and Susan Lamberts, Cozad plant manager, on the Six Sigma project that saved the plant \$65,000 a year and earned a National Association of Manufacturers Award for Workforce Excellence.



On-screen Design. We are making innovative use of computer-aided engineering (CAE) predictive tools to design virtual emission control systems. The tools simulate engine exhaust flows, NVH (noise, vibration, harshness) and durability, permitting us to optimize systems while eliminating the time and expense of building and testing prototypes.

SGA&E*

(dollars in millions)



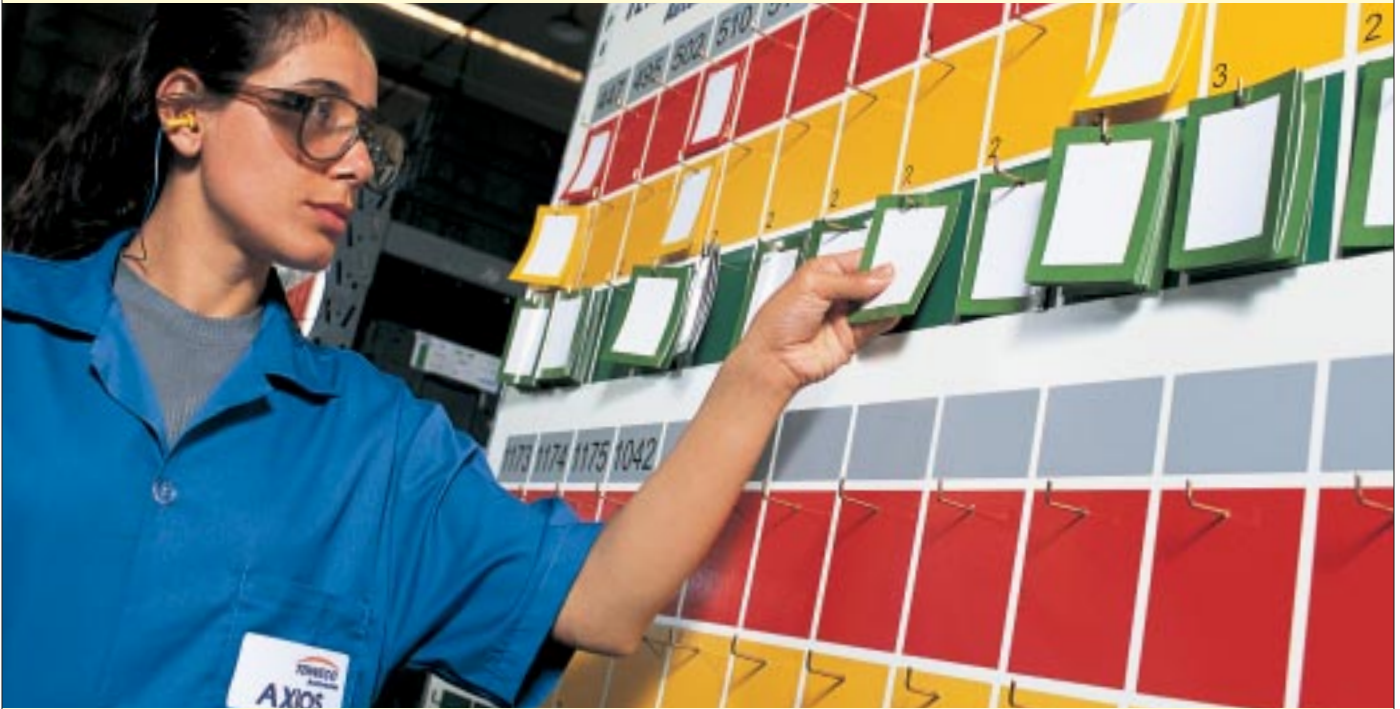
Restructuring programs drove dramatic reductions in SGA&E expense.

* See note 3, page 1

Best Buy. Streamlined supply chain management is driving down costs while improving logistics. Among the newer techniques is the use of the Internet for reverse auctions, in which prequalified vendors bid online to supply groups of bundled components. In reverse auctions, competitive bidding drives prices down rather than up as in conventional auctions. Savings by Tenneco Automotive teams in North America and Europe have averaged 13 percent over conventional paper-based contract bidding on parts such as shock absorber sleeves and machined components. The technique also improves quality by using fewer, higher-performance suppliers.

Reducing Working Capital

Inventory management was key to Tenneco Automotive's impressive \$162 million improvement in working capital in 2001. For example, our Axios elastomer plant in Brazil provides an example where Kanban techniques are used to better manage inventories used to mix rubber compounds. Plant employees created a Kanban system that maintains stocks at optimum levels, reduces inventory costs and eliminates production downtime due to raw material shortages. These improvements reduced Axios' inventories by 9 percent in 2001, while better manufacturing efficiency raised gross margins by 10 percent.



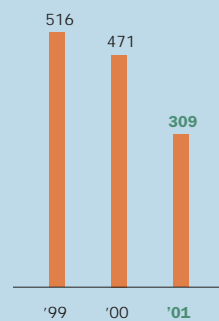
Axios employee Ronalva Cardoso Nascimento consults a Kanban board, one of the tools used at our facilities worldwide to reduce inventories and decrease working capital. During 2001, working capital improvements helped drive a \$97 million increase in cash flow before accounts receivable securitization.

\$19 MILLION
Reduction in Finished Goods Inventory

Taking Stock. Since 2000, the North American Aftermarket unit has aggressively executed finished goods inventory reduction programs. By reducing safety stock, matching production with demand, centralizing distribution and using innovative solutions to sell slow-moving parts, a \$19 million improvement was achieved over the last 24 months.

Working Capital*

(dollars in millions)



We've reduced working capital by more than 40 percent since 1999.

* See note 4, page 1

Expectations Exceeded. One of our key objectives in driving debt reduction for 2001 was to reduce working capital by \$60 million. We achieved a reduction, before factoring, of \$162 million. Our strategies for overdelivering on this objective included:

- Employing lean manufacturing techniques
- Negotiating with customers to accelerate collection of receivables
- Working with suppliers to obtain more favorable payment schedules
- Sharply reducing raw material, work in progress and finished goods inventories

Improving Margins New aftermarket product launches and selective price increases are driving margin improvement. We are also increasing manufacturing efficiency to reduce costs and improve profit on the products we sell. For example, value mapping identifies each step in the manufacturing operation that results in waste, delays or unnecessary material handling. At our Litchfield, Michigan, emission control plant, we found that each forklift traveled more than 29 miles annually moving materials within the plant. Litchfield is one of 20 facilities worldwide where processes are being redesigned to create a continuous flow, improving operating efficiencies and margins.



Value mapping is a start-to-finish process for improving material flow and work-station efficiency. Tonya Wilson works at our Litchfield, Michigan, emission control plant, which has undertaken value mapping to improve its profitability by some \$2 million annually.



Shock Value. Our premium Monroe® Reflex™ shock absorber was introduced in Europe in late 2001, following a successful 2000 launch in North America. Higher-margin Reflex and Sensa-Trac® shock brands now account for more than one-third of aftermarket sales in North America, versus one-quarter prior to the Reflex introduction.

Genesis. Genesis is a global program to rationalize our manufacturing and distribution operations and match our products and services to market demand. As we implement the Genesis strategy, we expect to reduce existing overcapacity, introduce greater standardization and improve efficiency throughout our operations.

Taking Hold. The key to our innovative Gripper™ stabilizer bar is a unique method of mechanically bonding an elastomer bushing to the metal bar. Gripper is quieter, more wear resistant and improves vehicle handling. Ford Motor Company began using Gripper on its 2000 Taurus and Sable models, making Tenneco Automotive a Tier I supplier of higher-margin stabilizer modules.



Strengthening Relationships

During 2001, our North American Aftermarket business expanded its customer base and achieved a better balance between traditional installer outlets and major retail chains. A prime contributor to this success was the signing of a long-term contract with Sears, Roebuck and Co. to supply Monroe® shock absorbers and struts – including premium Reflex™ and Sensa-Trac® products – for 826 Sears Auto Centers and 225 National Tire & Battery stores. Additionally, our sales representatives won numerous awards from key customers such as NAPA, Big O Tire and Uni-Select.



Monroe® is one of the most recognized automotive brands in the world. Monroe shocks and struts are now carried by more than 1,000 Sears Auto Centers and National Tire & Battery stores in the United States.

Early Start. In 1995, we established joint-venture operations in China – one of the world's fastest-growing economies and a huge potential automotive parts market – and have expanded the scope and size of our activities since. In 2001, one ride control plant and two emission control plants generated revenues of more than \$40 million or 10 times the 1995 level. We primarily supply original equipment manufacturers, whose vehicle output is expected to rise from about 2 million vehicles this year to more than 5 million by the end of the decade. We are also looking to expand sales in the aftermarket as it matures and as China's entry into the World Trade Organization eases import barriers.

Winner is... Among the major awards we received in 2001:

- Ford's *Gold World Excellence Award*
- Nissan's *Master of Quality*
- DaimlerChrysler's *Gold Pentastar*
- Toyota's *Supplier of the Year*
- PACCAR's *Preferred Supplier*
- ADI's *Vendor of the Year*
- Canadian Tire's *Vendor of the Year*



Safety Triangle. We are launching a global marketing campaign this year to educate consumers on the critical role shock absorbers and struts play in vehicle safety. The aftermarket campaign concentrates on how these products affect the Safety Triangle – Steering, Stopping and Stability – and emphasizes the need to replace worn shocks and struts for safer driving.

Leveraging Technology Tenneco Automotive is at the forefront of innovative ride control and emission control technology. The introduction of new advanced-technology products to help customers meet increasingly stringent environmental regulations and address safety concerns is a fundamental source of future growth. Our emission control products, such as the diesel particulate filter, enable OEMs in Europe – a leading source of global automotive platforms – to meet stricter air-quality regulations. We are also providing the means to more quickly and completely transfer technology expertise among our business units worldwide.



At our Edenkoben, Germany, engineering center, Anja Jester tests emission control products, such as diesel particulate filters. We are capitalizing on trends like the increase of diesel vehicles in European markets.



Advanced Technology. The Computerized Electronic Shock (CES) combines the comfort of a luxury automobile with the handling of a racecar. Four wheel sensors continually feed data on road conditions to a central controller that makes instantaneous adjustments in shock absorber damping for optimum ride safety and smoothness.

Pace Setting. In 2001, our ASD (Acceleration Sensitive Damping) technology – introduced for the 1999 Nissan Altima and incorporated in our Reflex™ aftermarket shocks – won the prestigious PACE Award. The ground-breaking ASD technology takes shock absorbers to a new level in terms of vehicle handling, without compromising ride comfort.

Going Green. Our technology provides a range of benefits. For example, our Frequency Dependent Damping shock absorber is dubbed the “green shock” because, unlike conventional shocks, it uses pressurized gas rather than oil as the damping medium. It provides improvements in both ride comfort and handling, as well as more consistent performance over a wide range of operating temperatures. It is also environmentally friendly – avoiding the disposal problems associated with used shocks containing oil. A new emission control product, the Tubular Integrated Converter, uses a new production process that eliminates welds and potential leakage, reduces weight and lowers costs.

Capitalizing on Growth Opportunities The global automotive industry challenges suppliers to support manufacturing sites throughout the world. We are developing and leveraging strategic alliances to increase our presence while avoiding large capital investments. In 2001, we formed an alliance with Tokico Ltd. to support Japanese vehicle manufacturers' global platforms with ride control products, complementing our earlier alliance and joint-venture agreement with Japan's Futaba Industrial Co. for supplying emission control products. We have also formed a joint venture in Thailand with Yarnapund Co. Ltd. to supply emission control systems.



Mark Lytle of Tenneco Automotive confers with Yutaka Nagasaki of Futaba Industrial Co. Ltd., at our joint-venture emission control plant at Burnley, England. Alliances with established suppliers, particularly in Asia, have created new opportunities for growth.

\$461 **MILLION**
in New Business
Awards Through
Alliances

Allied Successes. Our strategic alliances with Tokico and Futaba have produced new OE business expected to generate \$461 million in revenues through 2006. Strategic alliances have enabled us to support such global customers as Nissan, Toyota, Honda and Isuzu more effectively than we could as an individual supplier.

Booking Business.

We won significant new business in 2001 including awards to supply systems for the Honda Accord, the Lexus RX 300, the BMW 1 Series, the new Nissan pickup truck/SUV and a new Fiat passenger vehicle. We also added new aftermarket accounts including Discount Auto Parts, Parts Plus, Goodyear and AD International.



Specialty Markets. We continue to introduce high-margin products for the heavy-duty and other specialty markets. The Noisebraker Muffler for heavy-duty trucks enhances exhaust performance while diminishing the noise associated with engine braking.

Directors and Senior Management Team

Board of Directors

M. Kathryn Eickhoff ■ ◆

President and
Chief Executive Officer
Eickhoff Economics, Inc.

Mark P. Frissora

Chairman and
Chief Executive Officer
Tenneco Automotive Inc.

Frank E. Macher ●

Chairman and
Chief Executive Officer
Federal-Mogul Corporation

Sir David Plastow ●

Retired Chairman and
Chief Executive Officer
Vickers plc

Roger B. Porter ● ◆

IBM Professor of
Business and Government
Harvard University

David B. Price, Jr. ● ◆

Consultant,
Former President
PMD Group, Inc.

Dennis G. Severance ■

Accenture Professor of
Computer and Information Systems
University of Michigan Business
School

Paul T. Stecko ■ ◆

Chairman and
Chief Executive Officer
Packaging Corporation of America

- Audit Committee
- Compensation/Nominating/
Governance Committee
- ◆ Three-Year Independent
Director Evaluation Committee

Green symbol indicates committee chair

Senior Managers



Don R. Miller, Vice President and General Manager, Europe Aftermarket; Hari N. Nair, Executive Vice President and Managing Director, Europe; David G. Gabriel, Senior Vice President and General Manager, North America Aftermarket; Mark A. McCollum, Senior Vice President and Chief Financial Officer; Herman Weltens, Vice President, Global Engineering, Emission Control; Mark P. Frissora, Chairman and Chief Executive Officer; Richard P. (Mike) Schneider, Senior Vice President, Global Administration; Lois Boyd, Vice President, Global Program Management



Kenneth R. Trammell, Vice President and Controller; William M. Churchill, Vice President, Global Engineering, Ride Control; Ronald G. Berlin, Vice President, Global Supply Chain Management; James K. Spangler, Vice President, Global Communications; Alex Drysdale, Vice President and Managing Director, Australia/New Zealand; Timothy R. Donovan, Executive Vice President, General Counsel and Managing Director, International; Josep M. Fornos, Vice President and General Manager, Europe Original Equipment, Ride Control



H. William Haser, Vice President and Chief Information Officer, Americas; Brent J. Bauer, Senior Vice President and General Manager, Global Emission Control; Paul D. Novas, Vice President and Treasurer; Theo Bonneau, Vice President and Controller, Europe; Arthur Kaun, Vice President and Chief Information Officer, Europe and Asia; Timothy E. Jackson, Senior Vice President, Global Technology; Neal A. Yanos, Vice President and General Manager, North America Original Equipment, Ride Control

Investor Information

Corporate Headquarters

Tenneco Automotive Inc.
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Lake Forest, Illinois 60045
847.482.5000

Web Site

www.tenneco-automotive.com

Corporate Information

Individuals interested in receiving the company's latest quarterly earnings press release or other company literature should write the Investor Relations Department at the corporate headquarters address or call 847.482.5042.

Information about Tenneco Automotive is also available on the company's web site.

Stock Listings

Tenneco Automotive's common stock is listed under the ticker symbol TEN.

TEN is traded primarily on the New York Stock Exchange and also on the following exchanges: Chicago, Pacific and London.

As of February 15, 2002, there were approximately 42,219 holders of record of the company's common stock, par value \$0.01 per share.

Investor Inquiries

Securities analysts, portfolio managers and representatives of financial institutions seeking information about the company should contact the Investor Relations Department at 847.482.5042.

Stockholder Inquiries

For stockholder services such as exchange of certificates, issuance of certificates, lost certificates, change of address, change in registered ownership or share balance, write, call or e-mail the company's transfer agent:

First Union National Bank
Shareholder Customer Service
1525 West W.T. Harris Blvd., 3C3
Charlotte, NC 28288-1153
866.839.3259 Toll Free
704.427.2602

www.firstunion.com/corptrust
Click on "FirstLink Account Access";
click on "Equity"

Dividends

The Board of Directors of Tenneco Automotive eliminated its quarterly common stock dividend on January 9, 2001. Prior to that, the company had paid a \$0.05 per share of common stock dividend in each of the four quarters of 2000. The company expects that for the foreseeable future it will follow a policy of retaining earnings in order to finance the continued development of its business. Additional information on the company's dividend policy and restrictions on the payment of dividends can be found in Management's Discussion and Analysis in the Annual Report on Form 10-K for the year ended December 31, 2001.

Annual Meeting

The Annual Meeting of Stockholders will be held at 10:00 a.m. Central Time on May 14, 2002, at The Peabody Hotel, 149 Union Avenue, Memphis, Tennessee.

Stock Price Data

	Sale Prices	
	High	Low
2001		
1st quarter	\$ 4.25	\$2.62
2nd quarter	4.49	2.40
3rd quarter	5.45	1.86
4th quarter	2.30	1.35
2000		
1st quarter	\$11.50	\$7.00
2nd quarter	9.50	5.25
3rd quarter	7.62	4.81
4th quarter	5.31	2.50



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