

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

	<u>2008</u>	<u>2007</u>
Net sales and operating revenues	<u>\$ 5,916</u>	<u>\$ 6,184</u>
Costs and Expenses		
Cost of Sales (exclusive of depreciation shown below)	5,063 (a)	5,210 (e)
Goodwill Impairment Charge	114 (b)	-
Engineering, Research and Development	127 (a)	114
Selling, General and Administrative	392 (a) (c)	399 (e) (f)
Depreciation and Amortization of Other Intangibles	<u>222</u>	<u>205</u>
Total Costs and Expenses	<u>5,918</u>	<u>5,928</u>
Loss on sale of receivables	(10)	(10)
Other Income (Expense)	<u>9</u>	<u>6</u>
Total Other Income (Expense)	<u>(1)</u>	<u>(4)</u>
Income (Loss) before Interest Expense, Income Taxes, and Minority Interest		
North America	(107) (a) (b) (c)	120 (e) (f)
Europe, South America & India	85 (a)	99 (e)
Asia Pacific	<u>19 (a)</u>	<u>33</u>
	(3)	252
Less:		
Interest expense (net of interest capitalized)	113	164 (g)
Income tax expense	289 (d)	83 (h)
Minority interest	<u>10</u>	<u>10</u>
Net Loss	<u>\$ (415)</u>	<u>\$ (5)</u>
Average common shares outstanding:		
Basic	<u>46.4</u>	<u>45.8</u>
Diluted	<u>46.4</u>	<u>45.8</u>
Loss per share of common stock:		
Basic	<u>\$ (8.95)</u>	<u>\$ (0.11)</u>
Diluted	<u>\$ (8.95)</u>	<u>\$ (0.11)</u>

(a) Includes restructuring and restructuring related charges of \$40 million pre-tax, \$27 million after tax or \$0.58 per diluted share. Of the adjustment \$17 million is recorded in cost of sales, \$1 million in engineering and \$22 million is recorded in SG&A. Geographically, \$16 million is recorded in North America, \$22 million in Europe, South America and India and \$2 million in Asia Pacific.

(b) Represents Goodwill impairment charge recorded in North America of \$114 million or \$2.45 per diluted share.

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

(d) Includes tax charges of \$290 million or \$6.25 per diluted share related to the valuation allowance against the company's U.S. deferred tax assets, repatriating of cash from Brazil, the impact of not benefiting fourth quarter U.S. tax losses, changes in foreign tax rates and other tax adjustments.

(e) Includes restructuring and restructuring related charges of \$25 million pre-tax, \$16 million after tax or \$0.35 per share, of which \$22 million is recorded in cost of sales and \$3 million is recorded in SG&A. Geographically, \$3 million is recorded in North America and \$22 million in Europe, South America and India.

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

(g) Includes pre-tax expenses of \$26 million, \$18 million after-tax or \$0.37 per share for costs related to refinancing activities.

(h) Includes a \$56 million or \$1.15 per share tax charge for tax adjustments, including realigning the European ownership structure.