

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

	<u>2008</u>	<u>2007</u>
Net sales and operating revenues	<u>\$ 1,208</u>	<u>\$ 1,565</u>
Costs and Expenses		
Cost of Sales (exclusive of depreciation shown below)	1,056 (a)	1,341 (d)
Goodwill Impairment Charge	114 (b)	-
Engineering, Research and Development	28 (a)	28
Selling, General and Administrative	98 (a)	99 (d)
Depreciation and Amortization of Other Intangibles	54	55
Total Costs and Expenses	<u>1,350</u>	<u>1,523</u>
Loss on sale of receivables	(3)	(2)
Other Income (Expense)	-	3
Total Other Income (Expense)	<u>(3)</u>	<u>1</u>
Income (Loss) before Interest Expense, Income Taxes, and Minority Interest		
North America	(131) (a) (b)	16 (d)
Europe, South America & India	(12) (a)	19 (d)
Asia Pacific	(2)	8
	<u>(145)</u>	<u>43</u>
Less:		
Interest expense (net of interest capitalized)	25	52 (e)
Income tax expense	126 (c)	61 (f)
Minority interest	2	2
Net Loss	<u>\$ (298)</u>	<u>\$ (72)</u>
Average common shares outstanding:		
Basic	<u>46.5</u>	<u>46.1</u>
Diluted	<u>46.5</u>	<u>46.1</u>
Loss per share of common stock:		
Basic	<u>\$ (6.40)</u>	<u>\$ (1.57)</u>
Diluted	<u>\$ (6.40)</u>	<u>\$ (1.57)</u>

(a) Includes restructuring and restructuring 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.

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

(c) 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.

(d) Includes restructuring and restructuring related charges of \$18 million pre-tax, \$11 million after tax or \$0.26 per share. Of the adjustment \$16 million is recorded in cost of sales and \$2 million is recorded in SG&A. Geographically, \$2 million is recorded in North America and \$16 million in Europe, South America and India.

(e) Includes a charge of \$21 million pre-tax, \$14 million after-tax or \$0.31 per share for cost related to refinancing our 10.25% senior secured notes.

(f) Includes a \$64 million or \$1.34 per share tax charge for tax adjustments, including realigning the European ownership structure.