

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

	<u>2004</u>	<u>2003</u>
Net sales and operating revenues:	<u>\$ 3,146</u> (a)	<u>\$ 2,833</u>
Costs and Expenses		
Cost of Sales (exclusive of depreciation shown below)	2,502 (b)	2,249 (e)
Engineering, Research and Development	56	50
Selling, General and Administrative	302 (a) (b) (c)	276
Depreciation and Amortization of Other Intangibles	<u>131</u>	<u>120</u>
Total Costs and Expenses	<u>2,991</u>	<u>2,695</u>
Loss on sale of receivables	(1)	(1)
Other Income (Loss)	<u>(1)</u>	<u>(1)</u>
Total Other Income (Loss)	<u>(2)</u>	<u>(2)</u>
Income (Loss) before Interest Expense, Income Taxes, and Minority Interest		
North America	111 (a) (b) (c)	109 (e)
Europe	17 (b) (c)	7 (e)
Other	<u>25</u> (c)	<u>20</u>
	153	136
Less:		
Interest expense (net of interest capitalized)	104	103 (f)
Income tax expense (benefit)	11 (d)	(1) (g)
Minority interest	4	5
Net income	<u>\$ 34</u>	<u>\$ 29</u>
Average common shares outstanding:		
Basic	<u>41.3</u>	<u>40.3</u>
Diluted	<u>44.0</u>	<u>41.5</u>
Earnings per share of common stock:		
Basic	<u>\$ 0.84</u>	<u>\$ 0.72</u>
Diluted	<u>\$ 0.78</u>	<u>\$ 0.70</u>

(a) Includes changover costs for a new aftermarket customer acquired in the first quarter of \$8 million pre-tax, \$5 million after-tax or \$0.13 per share. Of the adjustment \$6 million is recorded in Sales and \$2 million is recorded in SG&A. Geographically the entire amount is recorded in North America.

(b) Includes restructuring and restructuring related charges of \$12 million pre-tax, \$8 million after tax or \$0.18 per share. Of the adjustment \$2 million is recorded in SG&A and the remaining \$10 million is in cost of sales. Geographically, \$3 million is recorded in North America and \$9 million in Europe.

(c) Includes consulting fees indexed to stock price of \$4 million pre-tax, \$3 million after-tax or \$0.06 per share. The entire charge is recorded in SG&A. Geographically \$2 million of the charge is recorded in North America, \$1 million in Europe and \$1 million in Other.

(d) Includes a \$6 million or \$0.14 per share tax benefit related to the resolution of outstanding tax issues.

(e) Includes restructuring and restructuring related charges of \$7 million pre-tax, \$4 million after-tax or \$0.11 per share. The entire charge is recorded in cost of sales. Geographically, \$3 million is recorded in North America and \$4 million in Europe.

(f) Includes a pre-tax expense of \$3 million, \$2 million after-tax or \$0.05 per share related to debt issuance costs that were deferred on the senior debt we paid down with the proceeds of the \$350 million bond offering.

(g) Includes a \$14 million or \$0.36 per share tax benefit related to the resolution of several tax issues.