

TENNECO AUTOMOTIVE INC. AND CONSOLIDATED SUBSIDIARIES
STATEMENTS OF INCOME

Unaudited
TWELVE MONTHS ENDED DECEMBER 31,
(Millions except share and per share amounts)

	<u>2004</u>	<u>2003</u>
Net sales and operating revenues:	<u>\$ 4,213</u> (a)	<u>\$ 3,766</u>
Costs and Expenses		
Cost of Sales (exclusive of depreciation shown below)	3,371 (b)	2,994 (f)
Engineering, Research and Development	76	67
Selling, General and Administrative	417 (a) (b) (c)	364
Depreciation and Amortization of Other Intangibles	177	163
Total Costs and Expenses	<u>4,041</u>	<u>3,588</u>
Gain on sale of assets	1	-
Loss on sale of receivables	(1)	(2)
Other Income (Loss)	(1)	-
Total Other Income (Loss)	<u>(1)</u>	<u>(2)</u>
Income (Loss) before Interest Expense, Income Taxes, and Minority Interest		
North America	130 (a) (b) (c)	131 (f)
Europe and South America	22 (b) (c)	23 (f)
Asia Pacific	19 (b) (c)	22
	<u>171</u>	<u>176</u>
Less:		
Interest expense (net of interest capitalized)	179 (d)	149 (g)
Income tax benefit	(25) (e)	(6) (h)
Minority interest	4	6
Net income	<u>\$ 13</u>	<u>\$ 27</u>
Average common shares outstanding:		
Basic	<u>41.5</u>	<u>40.4</u>
Diluted	<u>44.2</u>	<u>41.8</u>
Earnings (Loss) per share of common stock:		
Basic	<u>\$ 0.33</u>	<u>\$ 0.67</u>
Diluted	<u>\$ 0.31</u>	<u>\$ 0.65</u>

(a) Includes changeover costs for a new aftermarket customer acquired in the first quarter of \$8 million pre-tax, \$5 million after-tax or \$0.12 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 \$40 million pre-tax, \$25 million after tax or \$0.56 per share. Of the adjustment \$20 million is recorded in SG&A and the remaining \$20 million is in cost of sales. Geographically, \$11 million is recorded in North America, \$26 million in Europe and South America and \$3 million in Asia Pacific.

(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 South America and \$1 million in Asia Pacific.

(d) Includes a pre-tax expense of \$42 million, \$27 million after-tax or \$0.60 per share related to the call premium fee, additional interest expense and the write off of debt issuance costs that related to the \$500 million bond refinancing in November of 2004.

(e) Includes a \$21 million or \$0.47 per share tax benefit related to the resolution of outstanding tax issues and to recognize benefits related to previous tax losses in foreign operations.

(f) Includes restructuring and restructuring related charges of \$8 million pre-tax, \$5 million after-tax or \$0.13 per share. The entire charge is recorded in cost of sales. Geographically, \$4 million is recorded in North America and \$4 million in Europe and South America.

(g) Includes a pre-tax expense of \$12 million, \$8 million after-tax or \$0.18 per share related to debt issuance costs that were deferred on the senior debt we paid down with the proceeds of the 2003 debt refinancings.

(h) Includes a \$17 million or \$0.41 per share tax benefit related to the resolution of several tax issues.