

Tenneco Inc. and Consolidated Subsidiaries
Statements of Cash Flows
(Unaudited)
(Millions)

	Six Months Ended	
	June 30,	
	2008	2007
Operating activities:		
Net income	\$ 19	\$ 46
Adjustments to reconcile net income to net cash provided (used) by operating activities -		
Depreciation and amortization of other intangibles	112	98
Stock-based compensation	5	4
Deferred income taxes	(18)	(13)
Loss on sale of assets	5	3
Changes in components of working capital (net of acquisition)-		
(Inc.)/dec. in receivables	(148)	(312)
(Inc.)/dec. in inventories	(47)	(71)
(Inc.)/dec. in prepayments and other current assets	(40)	(24)
Inc./dec. in payables	45	241
Inc./dec. in taxes accrued	25	(4)
Inc./dec. in interest accrued	(1)	(3)
Inc./dec. in other current liabilities	11	19
Other	26	(10)
Net cash used by operating activities	<u>(6)</u>	<u>(26)</u>
Investing activities:		
Proceeds from sale of assets	2	1
Cash payments for plant, property & equipment	(127)	(75)
Cash payments for software-related intangibles	(8)	(11)
Acquisition of business	(19)	-
Investments and other	-	2
Net cash used by investing activities	<u>(152)</u>	<u>(83)</u>
Financing activities:		
Issuance of common shares	1	4
Issuance of long-term debt	-	150
Debt issuance costs on long-term debt	-	(6)
Retirement of long-term debt	(3)	(359)
Net inc./dec. in revolver borrowings and short-term debt excluding current maturities on long-term debt	121	273
Distribution to minority interest partners	(4)	(1)
Net cash provided by financing activities	<u>115</u>	<u>61</u>
Effect of foreign exchange rate changes on cash and cash equivalents	<u>19</u>	<u>14</u>
Decrease in cash and cash equivalents	(24)	(34)
Cash and cash equivalents, January 1	188	202
Cash and cash equivalents, June 30	<u>\$ 164</u>	<u>\$ 168</u>
Cash paid during the period for interest	\$ 61	\$ 77
Cash paid during the period for income taxes	24	28
Non-cash Investing and Financing Activities		
Period ended balance of payables for plant, property, and equipment	\$ 22	\$ 15