

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

	Three Months Ended	
	June 30,	
	2010	2009
Operating activities:		
Net income (loss)	\$ 46	\$ (29)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities -		
Depreciation and amortization of other intangibles	53	55
Stock-based compensation	2	2
Deferred income taxes	5	(4)
Loss on sale of assets	1	2
Changes in components of working capital-		
(Inc.)/dec. in receivables	(102)	(3)
(Inc.)/dec. in inventories	(27)	33
(Inc.)/dec. in prepayments and other current assets	9	(4)
Inc./(dec.) in payables	112	38
Inc./(dec.) in taxes accrued	(6)	22
Inc./(dec.) in interest accrued	(8)	(9)
Inc./(dec.) in other current liabilities	25	(2)
Changes in long-term assets	2	4
Changes in long-term liabilities	(10)	6
Other	2	1
Net cash provided by operating activities	<u>104</u>	<u>112</u>
Investing activities:		
Cash payments for plant, property & equipment	(34)	(30)
Cash payments for software-related intangibles	(6)	(2)
Investments and other	1	-
Net cash used by investing activities	<u>(39)</u>	<u>(32)</u>
Financing activities:		
Issuance of long-term debt	155	-
Debt issuance costs on long-term debt	(9)	-
Retirement of long-term debt	(129)	(7)
Net inc./(dec.) in bank overdrafts	3	(11)
Net inc./(dec.) in revolver borrowings and short-term debt excluding current maturities on long-term debt and short-term borrowings secured by accounts receivable	18	(62)
Net inc./(dec.) in short-term borrowings secured by accounts receivable	(126) (a)	-
Distribution to noncontrolling interest partners	(10)	(10)
Net cash used by financing activities	<u>(98)</u>	<u>(90)</u>
Effect of foreign exchange rate changes on cash and cash equivalents	<u>(14)</u>	<u>8</u>
Decrease in cash and cash equivalents	(47)	(2)
Cash and cash equivalents, April 1	193	113
Cash and cash equivalents, June 30	<u>\$ 146</u>	<u>\$ 111</u>
Cash paid during the period for interest	\$ 39	\$ 43
Cash paid during the period for income taxes (net of refunds)	16	8
Non-cash Investing and Financing Activities		
Period ended balance of payables for plant, property, and equipment	\$ 11	\$ 11

(a) An accounting rule change in the first quarter 2010 requires Tenneco to account for its accounts receivable securitization program in North America as secured borrowings. As a result, changes in funding from the North America accounts receivable securitization program are included in net cash provided by financing activities on the statement of cash flows and were previously reflected in net cash used by operating activities. At June 30, 2010, there were no borrowings outstanding under the North America accounts receivable securitization program.