

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

	<b>Three Months Ended</b>	
	<b>September 30,</b>	
	<b>2006</b>	<b>2005</b>
Operating activities:		
Net income	\$ 6	\$ 10
Adjustments to reconcile net income to net cash provided (used) by operating activities -		
Depreciation and amortization of other intangibles	45	44
Stock option expense	1	-
Deferred income taxes	1	8
Loss on sale of assets, net	-	1
Changes in components of working capital (net of acquisition)-		
(Inc.)/dec. in receivables	17	(9)
(Inc.)/dec. in inventories	(7)	11
(Inc.)/dec. in prepayments and other current assets	(7)	(4)
Inc./dec. in payables	(39)	(12)
Inc./dec. in taxes accrued	(8)	(8)
Inc./dec. in interest accrued	(5)	(4)
Inc./dec. in other current liabilities	4	15
Other	(5)	(14)
Net cash provided by operating activities	<u>3</u>	<u>38</u>
Investing activities:		
Net proceeds from sale of assets	4	1
Expenditures for plant, property & equipment	(43)	(37)
Acquisition of business	-	-
Expenditures for software-related intangibles	(3)	(5)
Investments and other	(2)	(1)
Net cash (used) by investing activities	<u>(44)</u>	<u>(42)</u>
Financing activities:		
Issuance of common shares	3	2
Issuance of long-term debt	-	1
Retirement of long-term debt	(1)	(1)
Net inc. in short-term debt excluding current maturities on long-term debt	32	22
Other	-	1
Net cash provided by financing activities	<u>34</u>	<u>25</u>
Effect of foreign exchange rate changes on cash and cash equivalents	<u>-</u>	<u>2</u>
Increase (decrease) in cash and cash equivalents	(7)	23
Cash and cash equivalents, July 1	123	66
Cash and cash equivalents, September 30	<u>\$ 116</u>	<u>\$ 89</u>
Cash paid during the period for interest	\$ 36	\$ 33
Cash paid during the period for income taxes	11	\$ 5