

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

	Nine Months Ended	
	September 30,	
	2007	2006 ⁽¹⁾
Operating activities:		
Net income	\$ 67	\$ 34
Adjustments to reconcile net income to net cash provided (used) by operating activities -		
Depreciation and amortization of other intangibles	150	136
Stock option expense	7	5
Deferred income taxes	(23)	9
Loss on sale of assets, net	8	2
Changes in components of working capital (net of acquisition)-		
(Inc./)dec. in receivables	(283)	(86)
(Inc./)dec. in inventories	(113)	(48)
(Inc./)dec. in prepayments and other current assets	(35)	(44)
Inc./)dec.) in payables	195	54
Inc./)dec.) in taxes accrued	(10)	(8)
Inc./)dec.) in interest accrued	(4)	-
Inc./)dec.) in other current liabilities	26	8
Other	(20)	3
Net cash provided (used) by operating activities	<u>(35)</u>	<u>65</u>
Investing activities:		
Net proceeds from sale of assets	2	6
Cash payments for plant, property & equipment	(116)	(134)
Cash payments for net assets purchased from Combustion Components Associated, Inc., net	(16)	-
Cash payments for software-related intangibles	(14)	(9)
Investments and other	-	(1)
Net cash used by investing activities	<u>(144)</u>	<u>(138)</u>
Financing activities:		
Issuance of common shares	6	13
Issuance of long-term debt	150	-
Debt issuance costs on long-term debt	(6)	-
Retirement of long-term debt	(361)	(3)
Net inc./)dec.) in revolver borrowings and short-term debt excluding current maturities on long-term debt	360	29
Distributions to minority interest partners	(3)	(1)
Other	2	2
Net cash provided by financing activities	<u>148</u>	<u>40</u>
Effect of foreign exchange rate changes on cash and cash equivalents	<u>32</u>	<u>8</u>
Increase (Decrease) in cash and cash equivalents	1	(25)
Cash and cash equivalents, January 1	202	141
Cash and cash equivalents, September 30	<u>\$ 203</u>	<u>\$ 116</u>
Cash paid during the period for interest	\$ 111	\$ 103
Cash paid during the period for income taxes	45	\$ 18
Non-cash Investing and Financing Activities		
Period ended balance of payables for plant, property and equipment	24	21

(1) As disclosed in Tenneco's Form 10-K/A filed August 14, 2007, Tenneco restated its financial results for the years ended December 31, 2004, 2005 and 2006 and for the quarters ended March 31, 2006 and 2007, June 30, 2006 and September 30, 2006. The amounts presented in this table reflect the results of the restatement.