

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

	Twelve Months Ended		
	December 31,		
	<u>2006</u>	<u>2005</u>	
Operating activities:			
Net income	\$ 51	\$ 58	
Adjustments to reconcile net income to net cash provided (used) by operating activities -			
Depreciation and amortization of other intangibles	184	177	
Stock option expense	5	-	
Deferred income taxes	(43)	-	
Loss on sale of assets, net	3	3	
Changes in components of working capital (net of acquisition)-			
(Inc.)/dec. in receivables	(29)	(94)	
(Inc.)/dec. in inventories	(56)	7	
(Inc.)/dec. in prepayments and other current assets	(14)	5	
Inc./(dec.) in payables	87	1	
Inc./(dec.) in taxes accrued	15	13	
Inc./(dec.) in interest accrued	2	4	
Inc./(dec.) in other current liabilities	(6)	(16)	
Other	(7)	(24)	
Net cash provided by operating activities	<u>192</u>	<u>134</u>	43%
Investing activities:			
Net proceeds from sale of assets	17	4	
Expenditures for plant, property & equipment	(170)	(144)	
Acquisition of business	-	(14)	
Expenditures for software-related intangibles	(13)	(14)	
Investments and other	1	1	
Net cash used by investing activities	<u>(165)</u>	<u>(167)</u>	
Financing activities:			
Issuance of common shares	17	7	
Issuance of long-term debt	-	1	
Retirement of long-term debt	(4)	(45)	
Net inc. in short-term debt excluding current maturities on long-term debt	3	1	
Other	-	-	
Net cash provided (used) by financing activities	<u>16</u>	<u>(36)</u>	
Effect of foreign exchange rate changes on cash and cash equivalents	<u>18</u>	<u>(4)</u>	
Increase (Decrease) in cash and cash equivalents	61	(73)	
Cash and cash equivalents, January 1	141	214	
Cash and cash equivalents, December 31	<u>\$ 202</u>	<u>\$ 141</u>	
Cash paid during the period for interest	\$ 137	\$ 126	
Cash paid during the period for income taxes	26	23	
Non-cash Investing and Financing Activities			
Retirement of obligation and exchange of property	-	(2)	