

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

	<b>Twelve Months Ended</b>	
	<b>December 31,</b>	
	<b>2010</b>	<b>2009</b>
Operating activities:		
Net income (loss)	\$ 63	\$ (54)
Adjustments to reconcile net income (loss) to net cash provided by operating activities -		
Depreciation and amortization of other intangibles	216	221
Stock-based compensation	9	7
Deferred income taxes	4	(24)
Loss on sale of assets	3	9
Changes in components of working capital-		
(Inc.)/dec. in receivables	(231) (a)	(8)
(Inc.)/dec. in inventories	(122)	101
(Inc.)/dec. in prepayments and other current assets	20	(55)
Inc./dec. in payables	238	(2)
Inc./dec. in taxes accrued	12	10
Inc./dec. in interest accrued	(8)	(1)
Inc./dec. in other current liabilities	20	20
Changes in long-term assets	12	10
Changes in long-term liabilities	6	2
Other	2	5
Net cash provided by operating activities	<u>244</u>	<u>241</u>
Investing activities:		
Proceeds from sale of assets	3	5
Cash payments for plant, property & equipment	(151)	(120)
Cash payments for software-related intangibles	(12)	(6)
Acquisition of business, net of cash acquired	-	1
Investments and other	3	1
Net cash used by investing activities	<u>(157)</u>	<u>(119)</u>
Financing activities:		
Issuance of common shares	-	188
Issuance of long-term debt	880	6
Debt issuance costs on long-term debt	(24)	(8)
Retirement of long-term debt	(864)	(22)
Net inc./dec. in bank overdrafts	2	(23)
Net inc./dec. in revolver borrowings and short-term debt excluding current maturities on long-term debt	(10)	(218)
Distribution to noncontrolling interest partners	(14)	(10)
Net cash used by financing activities	<u>(30)</u>	<u>(87)</u>
Effect of foreign exchange rate changes on cash and cash equivalents	<u>9</u>	<u>6</u>
Increase in cash and cash equivalents	66	41
Cash and cash equivalents, January 1	167	126
Cash and cash equivalents, December 31	<u>\$ 233</u>	<u>\$ 167</u>
Cash paid during the period for interest	\$ 149	\$ 131
Cash paid during the period for income taxes (net of refunds)	53	38
Non-cash Investing and Financing Activities		
Period ended balance of payables for plant, property, and equipment	\$ 29	\$ 26

(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 December 31, 2010 there were no borrowings outstanding under the North America accounts receivable securitization program.