

TENNECO INC
Form 8-K
August 03, 2010

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

**FORM 8-K
CURRENT REPORT PURSUANT TO
SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

**Date of report (Date of earliest event reported): August 3, 2010 (August 3, 2010)
TENNECO INC.**

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction of
Incorporation)

1-12387
(Commission File Number)

76-0515284
(IRS Employer
Identification No.)

500 NORTH FIELD DRIVE, LAKE FOREST,
ILLINOIS

60045

(Address of Principal Executive Offices)

(Zip Code)

Registrant's telephone number, including area code: (847) 482-5000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT.

On August 3, 2010, Tenneco Inc. (Tenneco) completed its previously announced private offering of \$225,000,000 of 7³/₄ percent senior notes due August 15, 2018 (the 2018 Notes) and notified the registered holders of its 10 percent senior secured notes due 2013 (the 2013 Notes) that it will redeem all of the 2013 Notes outstanding on September 2, 2010 at a price equal to 101.708 percent of the principal amount, plus accrued and unpaid interest. Payment of the redemption price will be made by U.S. Bank National Association, the trustee under the indenture governing the 2013 Notes, on September 2, 2010 upon presentation and surrender of the 2013 Notes as set forth in the redemption notice. Tenneco offered the 2018 Notes in reliance upon an exemption from registration under the Securities Act of 1933 for an offer and sale of securities that does not involve a public offering. Tenneco intends to use the net proceeds of the offering of its 2018 Notes, together with cash and available liquidity, to finance the redemption of its 2013 Notes. These transactions are expected to reduce Tenneco's annual interest expense by approximately \$6 million. Tenneco expects to record approximately \$4 million in non-recurring pre-tax charges in the third quarter related to the redemption.

Indenture

The 2018 Notes were issued pursuant to an Indenture, dated as of August 3, 2010, among Tenneco, each of Tenneco's domestic restricted subsidiaries that also guarantee Tenneco's senior credit facility (the Subsidiary Guarantors) and U.S. Bank National Association, as trustee (the Indenture). A copy of the Indenture is filed as Exhibit 4.1 to this Current Report on Form 8-K and is incorporated herein by reference.

The 2018 Notes are general senior obligations of Tenneco and will mature on August 15, 2018 with interest payable semi-annually on February 15 and August 15, beginning on February 15, 2011. The 2018 Notes are guaranteed by each of the Subsidiary Guarantors. These guarantees are general senior obligations of the subsidiary guarantors. The 2018 Notes and guarantees are not secured by any assets of Tenneco or the guarantors.

Tenneco may redeem some or all of the 2018 Notes at any time on or after August 15, 2014 at specified redemption prices. It also may redeem up to 35% of the aggregate principal amount of the 2018 Notes using the proceeds of certain equity offerings completed on or before August 15, 2013. Tenneco may also redeem the 2018 Notes, in whole or in part, at any time prior to August 15, 2014 at a price equal to 100% of the principal amount thereof plus a specified premium. Additionally, if Tenneco experiences specific kinds of changes of control or sells its assets under certain circumstances, Tenneco will be required to make an offer to repurchase the 2018 Notes at 101 percent of the principal amount thereof plus accrued and unpaid interest, if any, and liquidated damages, if any, thereon to the date of purchase.

The Indenture provides for certain limitations on Tenneco's ability and the ability of certain of Tenneco's subsidiaries to (i) incur additional indebtedness or contingent obligations, (ii) pay dividends or make distributions to Tenneco's stockholders, (iii) repurchase or redeem equity interests, (iv) make investments, (v) grant liens, (vi) make capital expenditures, (vii) enter into transactions with shareholders and affiliates, (viii) sell assets and (ix) acquire the assets of, or merge or consolidate with, other companies. During any period that the credit rating on the 2018 Notes, as determined by both Moody's Investors Service and Standard and Poor's Ratings Services, equals or exceeds Baa3 and BBB-, respectively, and no default or event of default has occurred and is continuing, Tenneco will not be subject to most of the restrictive covenants and corresponding events of default contained in the Indenture. Any restrictive covenants or corresponding events of default that cease to apply as a result of achieving these ratings will be restored if one or both of the credit ratings on the 2018 Notes later falls below these thresholds.

Registration Rights Agreement

In addition, on August 3, 2010, Tenneco entered into a Registration Rights Agreement (the Registration Rights Agreement) with the Subsidiary Guarantors and Deutsche Bank Securities Inc., as representative of the several initial purchasers named therein. A copy of the Registration Rights Agreement is filed as Exhibit 4.2 to this Current Report on Form 8-K and is incorporated herein by reference.

Under the Registration Rights Agreement, Tenneco and the Subsidiary Guarantors agreed to use commercially reasonable efforts to cause to become effective a registration statement with respect to an offer to exchange the 2018 Notes for other freely tradable notes issued by Tenneco, that are registered with the Securities and Exchange Commission and that have substantially identical terms to the 2018 Notes. If Tenneco is not able to effect the exchange offer and in other limited circumstances, Tenneco agreed to use its commercially reasonable efforts to file and cause to become effective a shelf registration statement relating to resales of the 2018 Notes. Tenneco will be obligated to pay additional interest on the 2018 Notes if it does not complete the exchange offer within 210 days after the issue date of the 2018 Notes or, if Tenneco is required to file a shelf registration statement, the shelf registration statement is not declared effective within 210 days after the issue date or 60 days after the filing is requested by an initial purchaser, as applicable.

The descriptions and provisions of the Indenture and the Registration Rights Agreement set forth above are summaries only, are not necessarily complete and are qualified in their entirety by reference to the full and complete terms contained in the Indenture and the Registration Rights Agreement, copies of which are attached as Exhibits 4.1 and 4.2, respectively, to this Current Report on Form 8-K and are incorporated herein by reference.

The notes have not been registered under the Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from registration. This filing does not constitute an offer to sell or the solicitation of an offer to buy any security and shall not constitute an offer, solicitation or sale in any jurisdiction in which it would be unlawful.

ITEM 2.03 CREATION OF A DIRECT FINANCIAL OBLIGATION OR AN OBLIGATION UNDER AN OFF-BALANCE SHEET ARRANGEMENT OF A REGISTRANT.

The information under Item 1.01 is incorporated herein by reference.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

(d) Exhibits

| Exhibit No. | Description |
|-------------|---|
| 4.1 | Indenture, dated as of August 3, 2010, among Tenneco Inc., the guarantors named therein and U.S. Bank National Association, as trustee |
| 4.2 | Registration Rights Agreement, dated as of August 3, 2010, among Tenneco Inc., the guarantors named therein and Deutsche Bank Securities Inc. |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TENNECO INC.

Date: August 3, 2010

By: /s/ James D. Harrington
James D. Harrington
Senior Vice President, General Counsel
and Corporate Secretary