CLARKSVILLE, Tenn., Oct. 24, 2013 /PRNewswire/ -- The Tennessee Energy Acquisition Corporation ("TEAC") announced today that it is soliciting consents from holders of its Gas Project Revenue Bonds, Series 2006C (the "Series 2006C Bonds") on the terms and subject to the conditions set forth in the Consent Solicitation Statement dated October 24, 2013 and accompanying Consent Form (collectively, the "Consent Solicitation Documents").

As more fully described in the Consent Solicitation Documents, the proposed amendments are intended to:

- Amend the prepaid gas purchase agreement between TEAC and J. Aron & Company to eliminate a seller default if GSG fails to maintain an investment grade credit rating from S&P or Moody's or otherwise provide specified credit support.
- Provide credit support for certain payments due from DEPFA Bank plc, ("DEPFA") the investment agreement provider for the working capital account, the debt service account, and the early termination reserve subaccount, by amending and restating the receivables purchase agreement and amending a guaranty of The Goldman Sachs Group, Inc. ("GSG").
- Provide additional credit support for certain payments due from five of the project participants (the City of Cartersville, GA, the City of Cordele, GA, the Harriman Utility Board, City of Harriman, TN, the City of LaGrange, GA and Patriots Energy Group (collectively, the "Specified Project Participants") by amending and restating the receivables purchase agreement and a guaranty of GSG.
- Create a custodial agreement with respect to the commodity swaps in order to mitigate TEAC's credit exposure to the commodity swap counterparties.

The proposed amendments are intended to mitigate TEAC and bondholders' exposure to (i) DEPFA, (ii) the Specified Project Participants in the event National Public Finance Guaranty Corp. ("NPFG") fails to pay under its obligation as surety bond provider, and (iii) the commodity swap counterparties. The proposed amendments will become effective upon the satisfaction of certain conditions, including an increase in the ratings of the Series 2006C Bonds to at least "Baa1" from Moody's and "A-" from Fitch Ratings while preserving a rating of at least "A-" from S&P.

Adoption of the proposed amendments requires the consents from a majority in principal amount of the Series 2006C Bonds outstanding. As of October 23, 2013, $736,245,000 principal amount of Series 2006C Bonds were outstanding. Only holders of record of the Series 2006C Bonds as of
5:00 p.m.
New York City
time, on
October 23, 2013
are eligible to deliver consents to the proposed amendments in the consent solicitation. The consent solicitation will expire at
5:00 p.m.
,
New York City
time, on
November 20, 2013
, unless amended or terminated (such date and time, the "Expiration Date").

As described in the Consent Solicitation Documents, TEAC will make a cash payment to consenting holders of the Series 2006C Bonds (except Series 2006C Bonds due February 1, 2014) who
deliver consents prior to the Expiration Date if the conditions to the consent solicitation are satisfied and the amendments authorized by the consents are executed and delivered. The consent payment will be equal to the amount per
$1,000
principal amount of Series 2006C Bonds stated below:

CUSIP

Maturity

Consent Payment

CUSIP

Maturity

Consent Payment

880443DT0

2/1/2015

$2.50

880443DZ6

2/1/2021

$10.00

880443DU7

2/1/2016

$5.00

880443EA0

2/1/2022

$10.00

880443DV5

2/1/2017

$7.50

880443EB8

2/1/2023

$10.00

880443DW3

2/1/2018

$9.50

880443EC6

2/1/2024

$10.00

880443DX1

2/1/2019

$10.00

880443ED4

2/1/2025

$10.00

880443DY9

2/1/2020

$10.00

880443EE2

2/1/2027

$10.00

TEAC has retained Wells Fargo Securities, LLC to act as Solicitation Agent in connection with the consent solicitation. Questions regarding the consent solicitation may be directed to Wells Fargo Securities, LLC at (866) 309-6316 (toll-free) or (704) 410-4760 (collect). Copies of the Consent Solicitation Documents as well as assistance with delivery of consents may be directed to D.F. King & Co., Inc., the Information Agent and Tabulation Agent for the consent solicitation, at (800) 431-9645 (toll-free) or (212) 269-5550 (collect) or by email to: teac@dfking.com.

This announcement is for informational purposes only and is not a solicitation of consents with respect to any securities. This announcement shall not constitute an offer to buy or a solicitation of an offer to sell any Series 2006C Bonds. The consent solicitation is being made solely by, and on the terms and subject to the conditions set forth in, the Consent Solicitation Documents, and is not being made in any jurisdiction in which it is unlawful to solicit or grant consents.

TEAC is a public corporation of the State of Tennessee and an instrumentality of its 22 associated municipalities and the State of Tennessee. TEAC provides natural gas supply transportation and management services on a nonprofit basis to its associated municipalities. TEAC issued the Series 2006C Bonds to finance the purchase of a long-term gas supply for the seven project participants – the City of Cartersville, GA, the City of Cordele, GA, the Harriman Utility Board, City of Harriman, TN, the City of Huntsville d/b/a/ Huntsville Utilities, the City of LaGrange, GA, Memphis Light, Gas & Water Division, and Patriots Energy Group.

SOURCE Tennessee Energy Acquisition Corporation