

**OLAM INTERNATIONAL LIMITED**  
(Incorporated in the Republic of Singapore)  
Company Registration No.: 199504676H

**ANNOUNCEMENT**

**ISSUE OF CONVERTIBLE BONDS**

**1. INTRODUCTION**

Olam International Limited ("**Olam**" or the "**Company**") wishes to announce that the Company has on 4 June 2008 entered into a subscription agreement (the "**Subscription Agreement**") for the issue of Convertible Bonds (as defined below) with J.P. Morgan (S.E.A) Limited and Macquarie Capital (Singapore) Pte Ltd, as the joint lead managers (collectively, the "**Joint Lead Managers**").

Under the terms of the Subscription Agreement, the Company has agreed to issue as issuer, and the Joint Lead Managers have severally agreed to subscribe and/or procure subscriptions for an aggregate of US\$300,000,000 Convertible Bonds due 2013 at an issue price of 100% of the principal amount of the Convertible Bonds (the "**Firm Bonds**"). The Joint Lead Managers have also been granted an upsize option (the "**Upsize Option**") to subscribe for and/or procure subscription of up to an additional US\$100,000,000 Convertible Bonds due 2013 (the "**Optional Bonds**", and together with the Firm Bonds, the "**Convertible Bonds**").

The Convertible Bonds will be constituted by a trust deed to be executed by the Company and a trustee for the holders of the Convertible Bonds (the "**Trust Deed**").

Each Convertible Bond will, at the option of the relevant holder, be convertible (unless previously redeemed, converted or purchased and cancelled) into fully paid ordinary shares of the Company (the "**Shares**") at an initial conversion price of S\$3.8464 per Share (the "**Conversion Shares**"). The conversion price is subject to adjustment in the circumstances set out in the Trust Deed.

**2. PRINCIPAL TERMS OF THE CONVERTIBLE BONDS**

The principal terms and conditions of the Convertible Bonds are summarised as follows:

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|------------------------|---|--|
| Issue Size             | : | US\$300,000,000 in principal amount of Convertible Bonds (excluding the Upsize Option).  |
| Upsize Option          | : | An additional US\$100,000,000 in principal amount of Convertible Bonds under an upsize option granted by the Company to the Joint Lead Managers, exercisable in whole or in part, on one or more occasions, at any point in time prior to the third business day prior to closing. |
| Issue Price            | : | 100 per cent. of the principal amount of the Convertible Bonds.  |
| Settlement and Payment | : | Subject to fulfillment of the conditions of the Subscription Agreement between the Company and the Joint Lead Managers, settlement and payment for the Convertible Bonds is expected to take place in Singapore on 3 July 2008 or such other date as may be agreed between the     |

Company and the Joint Lead Managers.

- Interest : The Convertible Bonds will bear interest at the rate of 1.00 per cent. per annum.
- Yield-to-Put / Yield-to-Maturity : 4.50 per cent. per annum.
- Conversion : The number of Shares to be issued on conversion of a Convertible Bond will be determined by dividing the principal amount of the Convertible Bond to be converted (translated into Singapore dollars at the Fixed Exchange Rate (as defined below)) by the then prevailing conversion price in respect of the Convertible Bonds.
- "Fixed Exchange Rate"** means S\$1.3644 = US\$1.00.
- Initial Conversion Price : S\$3.8464 for each new Share.
- Conversion Premium : 30 per cent. above the Reference Share Price.
- "Reference Share Price"** means S\$2.9588, being the volume weighted average price of the Shares traded on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 3 June 2008 and 4 June 2008.
- Conversion Period : Convertible at the option of the holder, at any time from 13 August 2008 to 23 May 2013.
- Status of the Convertible Bonds : The Convertible Bonds constitute direct, senior, unconditional, unsecured and unsubordinated obligations of the Company and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Company under the Convertible Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable laws and the terms of the Convertible Bonds themselves, rank at least equally with all its other present and future direct, senior, unsubordinated, unconditional and unsecured obligations.
- Status of the Conversion Shares : The Conversion Shares will, when issued and delivered in accordance with the Trust Deed, be freely transferable, free and clear of all liens, encumbrances, security interests or claims of third parties.
- Mandatory Conversion of the Shares : The Company shall have the right, exercisable anytime between 3 July 2011 and seven business days prior to the Maturity Date (as defined below), to mandatorily convert all and not some only of the Convertible Bonds then outstanding into Shares, in the event that the volume weighted average price of the Shares for each of 20 consecutive trading days, the last of which occurs not more than 10 trading days prior to the date upon which notice of conversion is published, was at least 130 per cent. of (a) the Early Redemption Amount (as defined below), divided by (b) the Conversion Ratio (as defined below).

**"Conversion Ratio"** is derived using (x) the principal amount of each Convertible Bond divided by (y) the then prevailing conversion price in respect of the Convertible Bonds.

**"Early Redemption Amount"** means an amount equal to 100 per cent. of the principal amount of the Convertible Bonds redeemed plus the applicable Redemption Premium.

**"Redemption Premium"** means an amount payable pursuant to the Convertible Bonds with respect to a redemption of a Convertible Bond that will provide a holder who purchased such Convertible Bond at the issue price on 3 July 2008 a gross compound yield of 4.50 per cent. per annum, calculated on semi-annual basis.

- Final Redemption : Unless previously redeemed, converted or purchased and cancelled, the Convertible Bonds will be redeemed at 119.38 per cent. of their principal amount on the Maturity Date.
- Maturity Date : 3 July 2013 (the "**Maturity Date**").
- Redemption at the Option of the holders of Convertible Bonds : Holders of the Convertible Bonds may require the Company to redeem all or some of their Convertible Bonds at an amount equal to 111.11 per cent. of their principal amount as at the relevant date fixed for redemption (the "**Put Option Date**"), together with interest accrued to the Put Option Date.
- Delisting Put Right : Upon the delisting of the Shares on the SGX-ST, each holder of the Convertible Bonds has the right to require the Company to redeem all or some only of their Convertible Bonds at the Early Redemption Amount, together with interest accrued to the date fixed for redemption.
- Redemption at the Option of the Company : If at any time the aggregate principal amount of the Convertible Bonds outstanding is less than 10 per cent. of the aggregate principal amount originally issued, the Company shall have the option to redeem such outstanding Convertible Bonds in whole but not in part at their Early Redemption Amount plus the applicable Redemption Premium together with accrued interest at the date fixed for such redemption. The Issuer will give at least 30 days' but not more than 60 days' prior notice to the holders for such redemption.
- Company's Stock Settlement Option : The Company shall have the option to redeem all of the Convertible Bonds on the Maturity Date, or to redeem the Convertible Bonds in respect of which the relevant holders have exercised their right to redeem on the Put Option Date, by payment of cash and/or the delivery of Shares, to the holders of the Convertible Bonds. The number of Shares to be delivered shall be determined by the

Company and calculated in accordance with the terms and conditions of the Convertible Bonds which shall not exceed 10 per cent. of the number of Shares outstanding on the 20<sup>th</sup> trading day preceding the relevant redemption date.

Listing : Application will be made to list the Convertible Bonds on the Official List of the SGX-ST and the Shares arising from the conversion of the Convertible Bonds.

Governing Law : English law.

### 3. **NEW SHARES**

The number of new Shares to be allotted and issued by the Company, pursuant to the full conversion of the Convertible Bonds, is approximately 106.4 million (based on the Issue Size, the Initial Conversion Price of S\$3.8464 and assuming no adjustments to the Initial Conversion Price). The new Shares represent approximately 6.2 per cent. of the existing issued Shares.

### 4. **USE OF PROCEEDS**

The estimated net proceeds from the issue of the Convertible Bonds are approximately US\$295 million (assuming no exercise of the Upsize Option). The Company intends to use the proceeds to finance investments, joint ventures, mergers and acquisitions in relation to the expansion of the Group's business, to discharge, reduce or retire certain bank borrowings and loans, and/or for general working capital and general corporate purposes..

### 5. **FINANCIAL EFFECTS**

The financial effects of the issue of the Convertible Bonds will be disclosed in a further announcement to be released by the Company.

### 6. **CONDITIONS**

The proposed issue of the Convertible Bonds is conditional upon, *inter alia*, the approval in-principle of the SGX-ST for the listing of the Convertible Bonds and the Conversion Shares.

### 7. **CLOSING DATE**

The closing date of the issue is expected to be on or about 3 July 2008.

### 8. **LOCK-UP AGREEMENT**

The Company has undertaken to the Joint Lead Managers that neither it, its subsidiaries, nor other affiliates over which they exercise management or voting control, nor any person acting on its or their behalf will, for a period of 90 days from the closing date of the issue *inter alia*, issue, offer, sell, contract to sell, pledge or otherwise dispose of securities issued by the Issuer which will have a maturity of more than one year from the date of issue, any Shares, or securities which confer a right to Shares, save for certain exceptions in the Subscription Agreement.

**9. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

None of the directors or substantial shareholders of the Company has any interest, direct or indirect, in the proposed issue of Convertible Bonds, other than through their respective shareholding interests in the Company.

**10. OTHER INFORMATION**

This announcement 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 such offer, solicitation or sale would be unlawful.

By Order of the Board

Sunny Verghese  
Group Managing Director and CEO

5 June 2008