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

ANNOUNCEMENT

ISSUE OF CONVERTIBLE BONDS

1. INTRODUCTION

Olam International Limited (the "**Company**") wishes to announce that the Company has on 2 September 2009 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 Standard Chartered Bank, as 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\$400,000,000 in principal amount of 6.00 per cent. Convertible Bonds due 2016 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 in principal amount of 6.00 per cent. Convertible Bonds due 2016 (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\$3.0853 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:

Issue Size	: US\$400,000,000 in principal amount of Convertible Bonds (excluding the Upsize Option).
Upsize Option	: Up to 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 on or before the thirtieth day following the Closing Date.

Issue Price : 100 per cent. of the principal amount of the Convertible Bonds.

Settlement and Payment : Subject to fulfilment of the conditions of the Subscription Agreement, settlement and payment for the Convertible Bonds is expected to take place in Singapore on or about 15 October 2009 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 6.00 per cent. per annum, payable semi-annually.

Yield to Maturity : 6.00 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\$1.4400 = US\$1.00.

Initial Conversion Price : S\$3.0853 for each new Share.

Conversion Premium : 25.0 per cent. above the Reference Share Price.

"Reference Share Price" means S\$2.4682, being the volume weighted average price of the Shares traded on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 1 September 2009.

Conversion Period : Convertible at the option of the holder, at any time from 25 November 2009 until the date falling 10 days prior to the Maturity Date (as defined below), subject to customary closed periods.

Status of the Convertible Bonds : The Convertible Bonds constitute direct, unsubordinated, unconditional and (subject to the terms and conditions of the Convertible Bonds) unsecured 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 law and subject to the terms and conditions of the Convertible Bonds, at all times rank at least equally with all of its other present and future direct, 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 at anytime on or after 5 years from the date of issue of the Convertible Bonds and prior to the date falling seven business days prior to the Maturity Date, 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 the applicable conversion price then in effect.
- Final Redemption : Unless previously redeemed, converted or purchased and cancelled, the Convertible Bonds will be redeemed at their principal amount together with unpaid accrued interest thereon on the Maturity Date.
- Maturity Date : On or about 15 October 2016 (the "**Maturity 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 a price equal to their principal 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 principal amount together with unpaid accrued interest at the date fixed for such redemption. The Company 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 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 20th 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 Conversion Shares.

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 (assuming no exercise of the Upsize Option), is approximately 186,691,731 (based on the Issue Size, the Initial Conversion Price of S\$3.0853 and assuming no adjustments to the Initial Conversion Price). The 186,691,731 new Shares represent approximately 8.57 per cent. of the enlarged issued share capital of the Company on a fully diluted basis.

4. USE OF PROCEEDS

The estimated net proceeds from the issue of the Convertible Bonds are approximately US\$392,500,000 (assuming no exercise of the Upsize Option). The Company intends to use the proceeds for general corporate purposes and potential acquisition opportunities which the Company may pursue in the future as part of its strategic objectives.

The Company intends to allocate the net proceeds in the following manner:

- (a) approximately 40 – 60% for general corporate purposes; and
- (b) approximately 40 – 60% for potential acquisitions in the future.

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 proposed issue of the Convertible Bonds is expected to be on or about 15 October 2009.

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 from the date of the Subscription Agreement until 90 days after the closing date of the issue (if any Optional Bonds are issued, after the closing date of the last issue of the Optional Bonds) *inter alia*, issue, offer, sell, contract to sell, pledge or otherwise dispose of securities issued by the Company 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. 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 George Verghese
Group Managing Director and CEO

2 September 2009

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About Olam International Limited

Olam is a leading global integrated supply chain manager of agricultural products and food ingredients, sourcing 20 products with a direct presence in 60 countries and supplying them to over 10,600 customers. With direct sourcing and processing in most major producing countries for its various products, Olam has built a global leadership position in many of its businesses, including cocoa, coffee, cashew, peanuts, sesame, rice, cotton and wood products. Headquartered in Singapore and listed on the SGX-ST on February 11, 2005, Olam currently ranks among the top 40 largest listed companies in Singapore in terms of market capitalisation and is a component stock in the Straits Times Index (STI), MSCI Singapore Free, S&P Agribusiness Index and the DAXglobal Agribusiness Index. More information on Olam can be found at www.olamonline.com.