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## **NEWS RELEASE**

### **OLAM INTERNATIONAL TO ACQUIRE DEHYDRATED AND VEGETABLE PRODUCTS BUSINESS AND OPERATING ASSETS OF GILROY FOODS & FLAVORS FROM CONAGRA FOODS FOR US\$250M**

*Singapore, June 8, 2010* – Olam International Limited (“Olam” or “the Company”), a leading global, integrated supply chain manager and processor of agricultural products and food ingredients, today announced that the Company will acquire the dehydrated and vegetable products business and operating assets of Gilroy Foods & Flavors (“Gilroy”) from ConAgra Foods, Inc. (“ConAgra Foods”), including its dehydrated onion, garlic, capsicum, Controlled Moisture™ vegetables, GardenFrost® purees RediMade™ shelf-stable purees and fresh vegetable operations, for a total cash consideration of US\$250 million, subject to final working capital adjustments at closing. The completion of this transaction is expected in 30 to 60 days, subject to satisfaction of customary closing conditions, including normal regulatory approvals. As part of this acquisition, Olam has entered into a long term supply agreement to cater to ConAgra Foods’ ongoing requirements for dehydrated vegetable products.

Gilroy has a long history and strong track record of operations for more than 50 years and is one of North America’s largest processors of onion, garlic, capsicum and other speciality vegetable products. It is regarded by the food industry as a global leader in this business. Its high solid seed development programme is considered to be the industry benchmark and provides it significant competitive advantage on account of its relatively higher yields and therefore lower cost position. The breeding of high solid onions is a path dependent process and it will take several years for new entrants to catch up.

Olam’s Executive Director Shekhar Anantharaman said: “This transaction is a good example of our focused corporate strategy to build leadership in selective value chain adjacencies through investments in upstream and midstream assets. Apart from helping us build an integrated leadership position in the Spices & Dehydrates portfolio, it will also help us raise our overall portfolio margins.”



Gilroy operates six manufacturing plants in the US which are expected to transition to Olam's ownership under this transaction. These plants are located in Gilroy, Hanford and Modesto in California; Fernley, Nevada; Las Cruces, New Mexico; and Umatilla, Oregon. A long term lease on a warehouse in King City, California is also among the assets acquired. Upon the transaction closing, all current employees at these locations will transition to Olam.

Said Olam's Managing Director and Global Head for Spices & Dehydrates, Ashok Krishen: "Gilroy has a strong grower franchise and enjoys significant brand equity with key customers. Gilroy has created proprietary processes for manufacturing various products, which cater to a wide variety of end-user specifications. With Gilroy's experienced management and operations team, we can scale up our combined dehydrates operations in the US as well as grow the business globally across geographies where Olam has other existing operations."

### **Investment Rationale**

This acquisition of a major, leading dehydrated vegetable processor is part of Olam's strategic plan to consolidate its Spices & Dehydrates business into a global leadership position. Olam had identified building scale in the US dehydrated vegetable business as a key strategy given that it represents the largest production and consumption industry globally.

Olam's investment in Gilroy will build upon the configuration of assets acquired earlier from SK foods (US tomatoes), De Francesco & Sons (US onions) and Key Foods Ingredients (China garlic), and is expected to bring significant synergies across these manufacturing units, sourcing and distribution operations, and an enhanced platform for global leadership for the combined dehydrates portfolio.

This transaction is part of Olam's strategic thrust to become a more comprehensive supply chain partner to its major customers. Olam is an existing supplier to ConAgra Foods for various ingredients and this transaction will strengthen the ongoing relationship. The Company believes that the investment will open up other such opportunities with major food companies which are progressively outsourcing their



ingredient and raw material supply chain to reliable third party suppliers in order to concentrate on their value-added or branded businesses.

Gilroy has a well entrenched customer base across the industrial, manufacturing, food service and retail channels, which includes 15 of the top 20 food manufacturers and four of the top five food service companies in the US.

Gilroy also has strong grower relationships, especially in California. Three of its six factories in the US are situated in California's Central Valley where Olam's tomato, cotton and onion processing facilities are based. This will provide for customer, cost, and capability sharing, enabling Olam to enhance its grower, labour and community relationships in these locations significantly.

John Gibbons, President of Olam Americas remarked: "We are excited by this new addition to our rapidly growing portfolio of assets and businesses in the US. It will substantially build on our existing grower franchise in California as well as deepen our strong customer base in the US and globally. This will further help us become a preferred supplier, customer and employer in the US, as well as add value to all our other stakeholders."

### **Financial Impact**

The acquisition will be financed through a combination of internal accruals and debt and will be earnings accretive from the first year of consolidation.

On combining with Olam's existing US dehydrated vegetable operations, this business is expected to generate annual revenues of approximately US\$300-\$350 million and an EBITDA margin of 14-15%.

### **Note:**

*This release should be read and understood only in conjunction with the Olam International Limited's presentation slides on the same subject lodged on SGXNET on June 8, 2010.*



### **About ConAgra Foods**

*ConAgra Foods, Inc., (NYSE: CAG), is one of North America's leading food companies, with brands in 96 percent of America's households. Consumers find Banquet, Chef Boyardee, Egg Beaters, Healthy Choice, Hebrew National, Hunt's, Marie Callender's, Orville Redenbacher's, PAM, Peter Pan, Reddi-wip and many ConAgra Foods brands in grocery, convenience, mass merchandise and club stores. ConAgra Foods also has a strong business-to-business presence, supplying potato, other vegetable, spice and grain products to a variety of well-known restaurants, foodservice operators and commercial customers. For more information, please visit [www.conagrafoods.com](http://www.conagrafoods.com).*

### **About Olam International Limited**

*Olam International is a leading global integrated supply chain manager and processor of agricultural products and food ingredients, sourcing 20 products with a direct presence in 64 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, 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. Olam is the only Singapore firm to be named in the 2009 Forbes Asia Fabulous 50, an annual list of 50 big-cap and most profitable firms in the region. It is also the first and only Singapore company to be named in the 2009 lists for the Global Top Companies for Leaders and the Top Companies for Leaders in the Asia Pacific region by Hewitt Associates, the RBL Group and Fortune. More information on Olam can be found at [www.olamonline.com](http://www.olamonline.com).*



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