DIMON INC
Form S-4/A
January 13, 2004
Table of Contents

As filed with the Securities and Exchange Commission on January 12, 2004

Registration Nos. 333-108420

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 3 to

Form S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

DIMON Incorporated

(Exact name of registrant as specified in its charter)

Virginia	**5159**	**54-1746567**
(State of Incorporation)	**(Primary Standard Industrial Classification Number)**	**(I.R.S. Employer Identification No.)**

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512 Bridge Street

Danville, Virginia 24541

(434) 792-7511

(Address, including zip code, and telephone number,

including area code, of registrants principal executive offices)

James A. Cooley

Senior Vice President and Chief Financial Officer

DIMON Incorporated

512 Bridge Street

Danville, Virginia 24541

(434) 792-7511

(Names and addresses, including zip codes, and telephone numbers,

including area codes, of agents for service)

It is respectfully requested that the Commission send copies of all notices, orders and communications to:

Thurston R. Moore, Esq.

Randall S. Parks, Esq.

Hunton & Williams LLP

951 East Byrd Street

Richmond, Virginia 23219

(804) 788-8200

(804) 788-8218 (Fax)

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective and all other conditions to the proposed exchange offer described herein have been satisfied or waived.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Maximum Offering Price Per Bond	Maximum Aggregate Offering Price	Amount of Registration Fee
7 3/4% Senior Notes Due 2013	$ 125,000,000	100%	$ 125,000,000	$ 10,112.50(1)

(1) Paid in connection with the initial filing of this registration statement on September 2, 2003.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant will file a further amendment which specifically states that this registration statement will thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement will become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the SEC is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Table of Contents

PROSPECTUS

Subject to Completion, dated _____, 2004

[DIMON Logo]

OFFER TO EXCHANGE

its New 7 3/4% Senior Notes due 2013

that have been Registered under the Securities Act of 1933

for any and all of its Outstanding 7 3/4% Senior Notes due 2013

The exchange offer will expire at 5:00 p.m. New York City time on _____, 2004, unless we extend the exchange offer in our sole and absolute discretion.

Interest Payable June 1 and December 1, Beginning June 1, 2004

All existing 7 3/4% Notes due 2013 (the Outstanding Notes) that are validly tendered and not validly withdrawn prior to the expiration of the exchange offer will be exchanged for an equal principal amount of 7 3/4% Senior New Notes due 2013 (the New Notes) that are registered under the Securities Act of 1933.

The exchange of Outstanding Notes for New Notes will not be a taxable event for U.S. federal income tax purposes.

We do not intend to list the New Notes on any national securities exchange or NASDAQ.

As of the date hereof, none of our subsidiaries guarantees our obligations under the Outstanding Notes or the New Notes.

The New Notes will effectively rank junior to any of our current or future indebtedness that is secured by any of our assets to the extent of the value of such assets, even if such indebtedness expressly provides that it is not senior to the New Notes. The New Notes will rank equal in right of payment with all our other existing and future senior unsecured obligations.

You should carefully consider the risk factors beginning on page 11 of this prospectus before participating in the exchange offer or investing in the New Notes issued in the exchange offer.

We are not making this exchange offer in any state or jurisdiction where it is not permitted.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the exchange notes to be distributed in the exchange offer, nor have any of these organizations determined that this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2004.

Table of Contents

TABLE OF CONTENTS

Each broker-dealer that receives New Notes for its own account under the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of New Notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act of 1933, or the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of New Notes received in exchange for Outstanding Notes where the Outstanding Notes were acquired by the broker-dealer as a result of market-making activities or other trading activities. We have agreed that, starting on the expiration date of the exchange offer and ending not less than 180 days after the expiration date, we will make this prospectus available to any broker-dealer for use in connection with any resale. See Plan of Distribution.

Table of Contents

WHERE YOU CAN FIND MORE INFORMATION

This prospectus is part of a registration statement on Form S-4 that we have filed with the SEC. You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. This prospectus does not contain all of the information set forth in the registration statement. For further information about us and the New Notes, you should refer to the registration statement. This prospectus summarizes material provisions of contracts and other documents attached as exhibits to the registration statement. Since these summaries may not contain all of the information that you may find important, you should review the full text of these exhibits.

Copies of this information are available without charge to any person to whom this prospectus is delivered, upon written or oral request. Written requests should be sent to:

DIMON Incorporated

512 Bridge Street

Danville, Virginia 24541

Attention: Investor Relations.

Oral requests should be made by telephoning (434) 792-7511.

In order to obtain timely delivery, you must request the information no later than , 2004, which is five business days before the expiration date of the exchange offer.

The registration statement, as well as such reports, exhibits and other information filed by us with the SEC can also be inspected and copied, at prescribed rates, at the public reference facilities maintained by the Public Reference Section of the SEC at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for additional information about its public reference room. Our SEC filings are also available without charge on the SEC s Internet site at *http://www.sec.gov*.

In addition, because our common stock is listed on the New York Stock Exchange, you may read our reports, proxy statements, and other documents at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005.

Table of Contents

PROSPECTUS SUMMARY

This summary may not contain all the information that may be important to you. You should read this entire prospectus, including the financial data and related notes, the information described under the heading Risk Factors and the other documents which are attached as exhibits to this prospectus, prior to deciding whether tender your Outstanding Notes to invest in the New Notes. The term Outstanding Notes refers to the unregistered 7 3/4% notes due 2013 that were issued on May 27, 2003 to qualified institutional buyers in a Rule 144A private placement. In this prospectus, unless the context otherwise requires, the terms DIMON, the Company, we, us and our collectively refer to DIMON Incorporated and its direct and indirect subsidiaries combined, unless the context clearly indicates otherwise.

The Exchange Offering

On May 30, 2003, we completed the private offering of an aggregate principal amount of $125,000,000 of Outstanding Notes. We entered into a registration rights agreement with the initial purchasers (the Registration Rights Agreement) in which we agreed, among other things, to deliver to you this prospectus and to offer to exchange your Outstanding Notes for New Notes with substantially identical terms. Because the exchange offer was not completed by Monday, December 29, 2003, we will be required to pay you liquidated damages. You should read the discussion under the heading Description of New Notes for further information regarding the New Notes.

We believe you may resell the New Notes issued in the exchange offer without compliance with the registration and prospectus delivery provisions of the Securities Act, subject to certain conditions. You should read the discussion under the heading The Exchange Offer for further information regarding the exchange offer and resale of the New Notes.

The Company

We are the second largest independent leaf tobacco merchant in the world with an estimated 30% share of the market for internationally-traded leaf tobacco. We select, purchase, process, store, pack and ship tobacco grown in more than 40 countries, servicing manufacturers of cigarettes and other consumer tobacco products sold in approximately 90 countries around the world. Our revenues primarily comprise sales of processed tobacco and fees charged for processing and related services to manufacturers of tobacco products. We deal primarily in flue-cured, burley, and oriental tobaccos that are used in international brand cigarettes. We do not manufacture cigarettes or other consumer tobacco products. For the year ended June 30, 2003, Our total sales and other revenue for the year ended June 30, 2003 and for the quarter ended September 30, 2003 were $1.27 billion and $237.4 million, respectively.

We have developed an extensive international network through which we purchase, process and sell leaf tobacco grown throughout the world. We maintain a presence, and in some cases a leading position, in most tobacco growing regions in the world, including the principal export markets for flue-cured and burley tobacco: the United States, Brazil, Zimbabwe and Malawi. We process tobacco in 29 facilities around the world. Each type of tobacco is separated into different grades based on quality and then blended to meet each customer s specifications. The tobacco is processed through a complex mechanized threshing and separating operation and then dried to meet precise moisture levels in accordance with the customer s specifications. The processing of leaf tobacco is an essential service to our customers because the quality of processed leaf tobacco substantially affects the cost and quality of the manufacturer s end product.

We sell our processed tobacco primarily to large multinational cigarette manufacturers, including Altria Group, Inc., Japan Tobacco, Lorillard, RJR Tobacco, Imperial Tobacco, British American Tobacco and others. In the fiscal year ended June 30, 2003, we delivered approximately 19% of our tobacco sales to customers in the U.S., approximately 41% to customers in Europe and the remainder to customers located in Asia, Africa and elsewhere. Our customers generally pay the carrying and shipping costs for all committed tobacco after our initial receipt, substantially reducing carrying costs associated with a large portion of our inventory. Through our predecessor companies, we have a long operating history in the leaf tobacco industry and have maintained relationships with

Table of Contents

many of our major customers for over 60 years, with some of these relationships beginning in the early 1900s. We were formed through the 1995 merger of Dibrell Brothers, Incorporated, founded in 1873, and Monk-Austin, Inc., founded in 1907.

Our executive and administrative offices are located at 512 Bridge Street, Danville, Virginia 24541. Our telephone number is (434) 792-7511.

The ratio of DIMON s earnings to fixed charges for each of the periods indicated is as follows:

	Three Months Ended September 30	Year Ended June 30				
	2003	2003	2002	2001	2000	1999
Ratio of Earnings to Fixed Charges	1.84	1.69	1.75	1.61	1.44	

In 1999, fixed charges exceeded earnings by approximately $30.3 million. For the purpose of calculating the ratio of earnings to fixed charges, earnings consist of income (loss) from continuing operations before minority interest and income taxes, plus fixed charges less capitalized interest. Fixed charges consist of interest expense, capitalized interest, amortized premiums, discounts and capitalized expenses relating to debt and an estimate of the interest component of rent expense.

Table of Contents

Summary of Risk Factors

You should read the Risk Factors section of this prospectus before tendering your Outstanding Notes for New Notes or making an investment in the New Notes. The following is a summary of the risks that are discussed in detail in this prospectus. This summary is qualified in its entirety by reference to the complete Risk Factor section beginning on page 11 hereof.

Risks Relating to the Exchange Offer

Some holders who exchange their Outstanding Notes may be required to comply with the registration and prospectus delivery requirements in connection with any resale transaction

Risks Related to Our Indebtedness and the Outstanding Notes and New Notes

We have substantial debt that may adversely affect us by limiting future sources of financing, interfering with our ability to pay interest and principal on the Outstanding Notes and New Notes, and subjecting us to additional risks

A court could declare the Outstanding Notes and New Notes junior in right of payment or take other actions under fraudulent transfer statutes that are detrimental to you

We may not have sufficient funds to repay the Outstanding Notes and New Notes upon a change of control

There may be no active trading market for the New Notes to be issued in the exchange offer

Our holding company structure means that the Outstanding Notes and New Notes will be effectively subordinated to the creditors of our subsidiaries

Risks Relating to Our Operations

Our financial results will vary according to growing conditions, customer indications and other factors, which also reduces your ability to gauge our performance and increases the risk of an investment in the Outstanding Notes and New Notes

Our adoption and application of certain standards in financial accounting could cause our annual and quarterly financial results to vary and will reduce your ability to gauge our performance, increasing the risk of an investment in the Outstanding Notes and New Notes

The shift to direct buying of green tobacco by many of our U.S. customers affects your ability to compare our year-to-year results and could have an adverse effect on our results of operations

Our extension of credit to tobacco growers could have an adverse effect on our financial condition

Competition could adversely affect our operating results

Our reliance on a small number of significant customers may adversely affect our operating results

We face increased risks of doing business due to the extent of our international operations

We face increased risk of doing business in Zimbabwe due to political instability and civil unrest

Table of Contents

Fluctuations in foreign currency exchange and interest rates could adversely affect our operating results

Risks Relating to the Tobacco Industry

Reductions in demand for consumer tobacco products could adversely affect our results of operations

Tobacco product manufacturer litigation may reduce demand for our services

Legislative and regulatory initiatives could reduce consumption of consumer tobacco products and demand for our services

We have been, and continue to be, subject to governmental investigations into, and litigation concerning, leaf tobacco industry buying practices

Table of Contents

Summary of the Exchange Offer

We summarize the material terms of the exchange offer below. You should read the discussion under the heading The Exchange Offer for further information regarding the exchange offer and resale of the New Notes.

The Exchange Offer	We are offering to exchange up to $125 million in aggregate principal amount of New Notes, which have been registered under the Securities Act, for up to $125 million in aggregate principal amount of Outstanding Notes, which we issued on May 27, 2003 in a private offering. In order for your Outstanding Notes to be exchanged, you must properly tender them prior to the expiration of the exchange offer. Except as set forth below under The Exchange Offer Terms of the Exchange Offer, all Outstanding Notes that are validly tendered and not validly withdrawn will be exchanged. We will issue New Notes as soon as practicable after the expiration of the exchange offer. Outstanding Notes may be exchanged for New Notes only in integral multiples of $1,000. We believe that the New Notes may be offered for resale, resold and otherwise transferred by you without compliance with the registration or prospectus delivery provisions of the Securities Act if: • you are acquiring the New Notes in the ordinary course of your business; • you are not participating, do not intend to participate, and have no arrangements or understanding with any person to participate, in the distribution of the New Notes issued to you; and • you are not an affiliate, under Rule 405 of the Securities Act, of ours. Our belief is based on interpretations by the staff of the SEC, as set forth in no-action letters issued to third parties unrelated to us. If our belief is not accurate and you transfer an exchange note without delivering a prospectus meeting the requirements of the Securities Act or without an exemption from such requirements, you may incur liability under the Securities Act. We do not and will not assume or indemnify you against such liability. Each broker-dealer that receives New Notes for its own account in the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of those New Notes. This prospectus, as it may be

amended or supplemented from time to time, may be used by a broker-dealer in connection with those resales.

Broker-dealers that acquired Outstanding Notes directly from us in the initial offering and not as a result of market making or other trading activities must, in the absence of an exemption, comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale of the New Notes, and cannot use the prospectus in connection with resales of the New Notes.

Table of Contents

Registration Rights Agreement	We sold the Outstanding Notes on May 27, 2003 to the initial purchasers of the Outstanding Notes. Simultaneously with that sale, we signed a registration rights agreement with the initial purchasers that requires us to conduct this exchange offer. You have the right pursuant to the registration rights agreement to exchange your Outstanding Notes for New Notes with substantially identical terms. This exchange offer is intended to satisfy these registration rights. After the exchange offer is complete, you will no longer be entitled to any exchange or registration rights with respect to Outstanding Notes you do not tender for exchange.
Consequences of Failure to Exchange Your Outstanding Notes	If you do not exchange your Outstanding Notes for New Notes pursuant to the exchange offer, you will continue to be subject to the restrictions on transfer provided in the Outstanding Notes and the indenture. In general, the Outstanding Notes may not be offered or sold unless registered under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. We do not intend to register any untendered Outstanding Notes under the Securities Act. To the extent that Outstanding Notes are tendered and accepted in the exchange offer, the trading market for untendered Outstanding Notes and tendered but unaccepted Outstanding Notes will be adversely affected.
Expiration Date	The exchange offer will expire at 5:00 p.m., New York City time, on _____, 2004, unless extended in our sole and absolute discretion, in which case the term expiration date will mean the latest date and time to which the exchange offer is extended.
Withdrawal Rights	You may withdraw your tender of Outstanding Notes at any time prior to the expiration date by delivering written notice of your withdrawal to the exchange agent in accordance with the withdrawal procedures described in this prospectus. We will return to you, without charge, promptly after the expiration or termination of the exchange offer any Outstanding Notes that you tendered but that were not exchanged.
Terms of the Exchange Offer	We will not be required to accept Outstanding Notes for exchange if: • the exchange offer would violate applicable law or SEC interpretations or any legal action has been instituted or threatened that would impair our ability to proceed with the exchange offer; or • you do not tender your Outstanding Notes in compliance with the terms of the exchange offer. The exchange offer is not conditioned upon any minimum aggregate principal amount of Outstanding Notes being tendered. We reserve the right to terminate

the exchange offer if certain specified conditions have not been satisfied and to waive any condition or extend the exchange offer or otherwise amend the terms of the exchange offer in any respect. Please read the section The Exchange Offer Terms of the Exchange Offer for more information regarding the conditions to the exchange offer.

Table of Contents

Procedures for Tendering Outstanding Notes and Representations	If your Outstanding Notes are held through The Depository Trust Company (DTC) and you wish to participate in the exchange offer, you may do so through one of the following methods: *Delivery of a Letter of Transmittal.* You must complete and sign a letter of transmittal in accordance with the instructions contained in the letter of transmittal and forward the letter of transmittal by mail, facsimile transmission or hand delivery, together with any other required documents, to the exchange agent, either with the Outstanding Notes to be tendered or in compliance with the specified procedures for guaranteed delivery of the Outstanding Notes; or *Automated Tender Offer Program of The DTC.* If you tender under this program, you will agree to be bound by the letter of transmittal that we are providing with this prospectus as though you had signed the letter of transmittal. Under both methods, by signing or agreeing to be bound by the letter of transmittal, you will represent to us that, among other things: any New Notes that you receive are being acquired in the ordinary course of your business; you have no arrangement or understanding with any person or entity to participate in any distribution of the New Notes; you are not engaged in and do not intend to engage in any distribution of the New Notes; if you are a broker-dealer that will receive New Notes for your own account in exchange for Outstanding Notes, you acquired those notes as a result of market-making activities or other trading activities and you will deliver a prospectus, as required by law, in connection with any resale of the New Notes; and you are not our affiliate, as defined in Rule 405 of the Securities Act. Please do not send your letter of transmittal or certificates representing your Outstanding Notes to us. **Those documents should only be sent to the exchange agent.** Questions regarding how to tender and requests for information should be directed to the exchange agent.
Special Procedures For Beneficial Owners	If you own a beneficial interest in Outstanding Notes that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, and you wish to tender the Outstanding Notes in the exchange offer, you should contact the registered holder promptly and instruct the registered holder to

tender on your behalf.

Table of Contents

Consequences of Not Complying with Exchange Offer Procedures	You are responsible for complying with all exchange offer procedures. You will only receive New Notes in exchange for your Outstanding Notes if, prior to the expiration date, you deliver to the exchange agent: • the letter of transmittal, properly completed and duly executed; • any other documents or signature guarantees required by the letter of transmittal; • certificates for the Outstanding Notes or a book-entry confirmation of a book-entry transfer of the Outstanding Notes into the exchange agent s account at DTC. Any Outstanding Notes you hold and do not tender, or which you tender but which are not accepted for exchange, will remain outstanding and continue to accrue interest, but will not retain any rights under the registration rights agreement. You will not have any appraisal or dissenters rights in connection with the exchange offer. You should allow sufficient time to ensure that the exchange agent receives all required documents before the expiration of the exchange offer. Neither the exchange agent nor we has any duty to inform you of defects or irregularities with respect to your tender of Outstanding Notes for exchange. We reserve the right to waive any defect, irregularities or conditions of tender as to particular Outstanding Notes.
Guaranteed Delivery Procedures	If you wish to tender your Outstanding Notes and cannot comply, prior to the expiration date, with the applicable procedures for tendering Outstanding Notes described above and under The Exchange Offer Procedures for Tendering, you must tender your Outstanding Notes according to the guaranteed delivery procedures described in The Exchange Offer Procedures for Tendering Guaranteed Delivery Procedures.
U.S. Federal Income Tax Considerations	The exchange of Outstanding Notes for New Notes in the exchange offer will not be a taxable event for United States federal income tax purposes. Please read Material U.S. Federal Income Tax Considerations.
Use of Proceeds	We will not receive any cash proceeds from the issuance of New Notes. The net proceeds from the sale of the Outstanding Notes were used to redeem our existing 8 7/8% Senior Notes Due 2006. See Use of Proceeds.
The Exchange Agent	We have appointed SunTrust Bank as exchange agent for the exchange offer. You should direct questions and requests for assistance, requests for additional copies of this prospectus or the letter of transmittal and requests for the notice of guaranteed delivery to the exchange agent as follows: SunTrust Bank, Corp Trust Dept; HDQ 5310, 919, East Main Street, Richmond, Virginia

23219; Attention: Nancy Harrison, (804) 782-5726. Eligible institutions may make requests by facsimile at (804) 782-7855.

Table of Contents

Summary of the New Notes

This exchange offer relates to the exchange of up to $125 million in aggregate principal amount of New Notes for an equal principal amount of Outstanding Notes. The Outstanding Notes were issued on May 27, 2003. The form and terms of the New Notes are substantially identical to the form and terms of the Outstanding Notes, except the New Notes will be registered under the Securities Act. Therefore, the New Notes will not bear legends restricting their transfer. The New Notes will evidence the same debt as the Outstanding Notes, which they are replacing, and both the Outstanding Notes and the New Notes are governed by the same indenture.

Issuer	DIMON Incorporated, a Virginia corporation.
Securities	$125 million in aggregate principal amount of 7 3/4% Senior Notes due 2013.
Maturity	June 1, 2013.
Interest Rate and Payment Dates	Annual rate: 7 3/4%. Payment frequency: every six months on June 1 and December 1. First payment: June 1, 2004.
Optional Redemption	We may redeem: all or part of the original principal amount of the New Notes beginning on June 1, 2008, at the redemption prices stated in Description of New Notes Redemption, plus accrued and unpaid interest on the New Notes to be redeemed; and up to 35% of the New Notes at any time prior to June 1, 2006, at a price of 107.75% of the principal amount of the New Notes, plus accrued and unpaid interest, with the proceeds of certain public equity offerings of our company
Ranking	The New Notes will be senior unsecured obligations of the Company. The New Notes will effectively rank junior to any of our current or future indebtedness that is secured by any of our assets to the extent of the value of such assets, even if such indebtedness expressly provides that it is not senior to the New Notes. The New Notes will rank equal in right of payment with all our other existing and future senior unsecured obligations. In the future, we may issue debt that ranks senior, equal or subordinate to the New Notes. The New Notes will also effectively rank junior to any of the debt and liabilities of our subsidiaries, except for any of our subsidiaries that guaranty our obligations under the New Notes. As of September 30, 2003, we had approximately $26.6 million of senior secured indebtedness that effectively ranks senior to the New Notes, approximately $224.9 million of subsidiary debt that is effectively senior to the New Notes, approximately $208.4 of outstanding indebtedness that ranks equally to the New Notes, and approximately $73.3 million principal amount of 6 1/4% Convertible Subordinated Debentures due March 31, 2007, which are subordinated to

the New Notes.

Table of Contents

Change of Control	Upon a change in control, defined as the acquisition by any persons of beneficial ownership of 30% or more of the outstanding shares of our common stock, transfers of substantially all of our assets, certain substantial changes in our Board of Directors and certain consolidations or mergers of the Company involving a significant change in shareholdings, the Company will be required to make an offer to repurchase outstanding New Notes at 101% of the aggregate principal amount thereof plus accrued and unpaid interest to the date of purchase. See Description of New Notes Change of Control.
Note Guarantees	Each of our material domestic subsidiaries will be required to guaranty our obligations under the New Notes. As of the date hereof, we have no material domestic subsidiaries and none of our subsidiaries guarantees our obligations under the New Notes.
Basic Indenture Covenants	We will issue the New Notes under an indenture that will contain certain covenants that, among other things, limit our ability to: transfer or issue shares of capital stock of subsidiaries to third parties, pay dividends or make certain other payments, incur additional indebtedness, issue preferred stock, incur liens to secure our indebtedness, apply net proceeds from certain asset sales, enter into certain transactions with affiliates, merge with or into any other person, or enter into certain sale and leaseback transactions. See Description of New Notes Certain Covenants.
Exchange Offer; Registration Rights	We agreed to offer to exchange the Outstanding Notes for a new issue of identical debt securities registered under the Securities Act of 1933 as evidence of the same underlying obligation of indebtedness. This exchange offer is in satisfaction of that agreement. We have also agreed to provide a shelf registration statement to cover resales of the Outstanding Notes under certain circumstances. If we fail to satisfy these obligations, we have agreed to pay liquidated damages to holders of the Outstanding Notes under specified circumstances until we satisfy our obligations.
Use of Proceeds	We will not receive any proceeds upon the completion of the exchange offer. See Use of Proceeds.

WE ARE NOT ASKING FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY

10

Table of Contents

RISK FACTORS

An investment in the New Notes involves a high degree of risk. You should carefully consider the risks described below in addition to all other information provided to you in this prospectus before making an investment in the New Notes. You should also carefully consider the information entitled Management s Discussion and Analysis of Financial Condition and Results of Operations, incorporated by reference in this prospectus. The following factors contain certain forward-looking statements involving risks and uncertainties. Our actual results may differ materially from the results anticipated in these forward-looking statements.

Risks Relating to the Exchange Offer

Some holders who exchange their Outstanding Notes may be required to comply with the registration and prospectus delivery requirements in connection with any resale transaction.

Based on interpretations by the SEC staff set forth in no-action letters issued to third parties, we believe that you may offer for resale, resell and otherwise transfer the New Notes without compliance with the registration and prospectus delivery provisions of the Securities Act, subject to certain limitations. These limitations include that you are not an affiliate of ours within the meaning of Rule 405 under the Securities Act, that you acquired your New Notes in the ordinary course of your business and that you have no arrangement with any person to participate in the distribution of such New Notes. However, we have not submitted a no-action letter to the SEC regarding this exchange offer and the SEC may not make a similar determination with respect to this exchange offer. If you are an affiliate of DIMON, are engaged in or intend to engage in or have any arrangement or understanding with respect to a distribution of the New Notes to be acquired pursuant to the exchange offer, you will be subject to additional limitations. See The Exchange Offer Resale of the New Notes.

Risks Relating To Our Indebtedness and the Outstanding Notes and New Notes

We have substantial debt that may adversely affect us by limiting future sources of financing, interfering with our ability to pay interest and principal on the Outstanding Notes and New Notes, and subjecting us to additional risks.

We have a significant level of debt and debt service obligations. We had, as of September 30, 2003, $658.3 million of outstanding indebtedness. We also had the ability to incur $165.0 million of additional debt under our senior credit facility. In addition, the Indenture governing the Outstanding Notes and New Notes allows us to incur additional indebtedness under certain circumstances. If we add new indebtedness to our current indebtedness levels, the related risks that we now face could increase. See Description of New Notes Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock.

Our substantial debt will have important consequences, including:

- our indebtedness may limit our ability to obtain additional financing on satisfactory terms and to otherwise fund working capital, capital expenditures, debt refinancing, acquisitions and other general corporate requirements;

a significant portion of our cash flow from operations must be dedicated to paying interest on and the repayment of the principal of our indebtedness. This reduces the amount of cash we have available for other purposes and makes us more vulnerable to a decrease in demand for leaf tobacco or to increases in our operating costs;

our failure to comply with the financial and other covenants applicable to our debt could result in an event of default, which, if not cured or waived, could have a material adverse effect on us; and

Table of Contents

our ability to adjust to changing market conditions and to compete with other global leaf tobacco merchants may be hampered by the amount of debt we owe.

In addition, the indenture governing the New Notes, other indentures governing our other Senior Notes, and the credit agreement under our Credit Facility each contain financial and other restrictive covenants that will limit our ability to engage in activities that may be in our long-term best interests. Our failure to comply with those covenants could result in an event of default that, if not cured or waived, could result in the acceleration of all of our debts.

A court could declare the Outstanding Notes and New Notes junior in right of payment or take other actions under fraudulent transfer statutes that are detrimental to you.

Under federal or state fraudulent transfer laws, an unpaid creditor or representative of creditors, including a trustee in bankruptcy, could file a lawsuit claiming that the issuance of the Outstanding Notes and New Notes constituted a fraudulent conveyance. If a court were to find that there has been a fraudulent conveyance, it could:

avoid all or a portion of our obligations to you under the Outstanding Notes and New Notes and the Indenture, including any Note Guarantee;

subordinate our obligations to you under the Outstanding Notes and New Notes or any Note Guarantee to our obligations to our other existing and future creditors, entitling other creditors to be paid in full before any payment is made on the Outstanding Notes and New Notes or any Note Guarantee; and

take other action detrimental to you, including, in some circumstances, invalidating the Outstanding Notes and New Notes or any Note Guarantee.

If a court were to take any of those actions, you may not ever be repaid.

We may not have sufficient funds to repay the Outstanding Notes and New Notes upon a change of control.

If we experience certain changes of control, you will have the right to require us to purchase your Outstanding Notes and New Notes at a purchase price equal to 101% of the principal amount of your Outstanding Notes and New Notes plus accrued and unpaid interest. In such circumstances, we may also be required to repay our other outstanding debts or obtain consents that may be required to permit us to purchase your Outstanding Notes and New Notes. If we cannot repay our debts or obtain the needed consents, we may be unable to purchase the Outstanding Notes and New Notes. This would be an event of default under the Indenture. Upon a change of control, we cannot guarantee you that we will have sufficient funds to make any required payments, including purchases of the Outstanding Notes and New Notes, as described above. See Description of New Notes Change of Control.

The events that qualify as a change of control under the Indenture may also be events of default under other indebtedness. If we cannot repay such borrowings when due, the lenders could proceed against any collateral securing such indebtedness.

There may be no active trading market for the New Notes to be issued in the exchange offer.

There is no existing market for the New Notes and there are risks with respect to:

the liquidity of any market for the New Notes that may develop;

your ability to sell New Notes; or

Table of Contents

the price at which you will be able to sell the New Notes.

We do not intend to list the New Notes to be issued to you in the exchange offer on any securities exchange or to seek approval for quotations through any automated quotation system. No active market for the New Notes is currently anticipated. The initial purchasers of the Outstanding Notes are not obligated to make a secondary market for the New Notes. There may not be an active or liquid public trading market will develop for the New Notes.

Our holding company structure means that the Outstanding Notes and New Notes will be effectively subordinated to the creditors of our subsidiaries.

Because a substantial part of our assets consists of the capital stock of our subsidiaries, our creditors, including the holders of the Outstanding Notes and New Notes, will effectively rank junior to all creditors (including unsecured creditors) of our subsidiaries, other than any guarantors of the Outstanding Notes and New Notes, if any, with respect to the assets of such subsidiaries, notwithstanding that the Outstanding Notes and New Notes will be senior obligations of our company. Our ability to meet our debt service and principal repayment obligations will depend upon receiving cash flow from our subsidiaries. Approximately 76.9% of our revenues for the year ended June 30, 2003 were attributable to our subsidiaries. In addition, our right to receive the assets of any of these subsidiaries upon liquidation or reorganization of such subsidiary (and the consequent right of the holders of the Outstanding Notes and New Notes to participate in those assets) will be effectively subordinated to the claims of that subsidiary s creditors, including trade creditors. As of September 30, 2003, the aggregate amount of our indebtedness was $658.3 million of which approximately $26.6 million is secured and of which approximately $224.9 million represents indebtedness of our subsidiaries which is structurally senior to the Outstanding Notes and New Notes.

Risks Relating To Our Operations

Our financial results will vary according to growing conditions, customer indications and other factors, which also reduces your ability to gauge our performance and increases the risk of an investment in the Outstanding Notes and New Notes.

Our financial results, particularly the quarterly financial results, may be significantly affected by fluctuations in tobacco growing seasons and crop sizes. The cultivation period for tobacco is dependent upon a number of factors, including the weather and other natural events, such as hurricanes or tropical storms, and our processing schedule and results of operations can be significantly altered by these factors.

Further, the timing and unpredictability of customer indications, orders and shipments causes us to keep tobacco in inventory, increases our risk and results in variations in quarterly and annual financial results. We may from time to time in the ordinary course of business keep a significant amount of processed tobacco in inventory for our customers to accommodate their inventory management and other needs. Sales recognition by our subsidiaries and us is based on the passage of ownership, usually with shipment of product. Since individual shipments may represent significant amounts of revenue, our quarterly and annual financial results may vary significantly depending on our customers needs and shipping instructions.

These fluctuations result in varying volumes and sales in given periods, which also reduces your ability to compare our financial results in different periods or in the same periods in different years.

Our adoption and application of certain standards in financial accounting could cause our annual and quarterly financial results to vary and will reduce your ability to gauge our performance, increasing the risk of an investment in the Outstanding Notes and New Notes.

Effective July 1, 2000, we adopted Statement of Financial Accounting Standards (SFAS) No. 133, *Accounting for Derivative Instruments and Hedging Activities.* As a result of adoption of SFAS No. 133,

Table of Contents

we recognize all derivative financial instruments, such as interest rate swap contracts and foreign exchange contracts, in the consolidated financial statements at fair value regardless of the purpose or intent for holding the instrument. The effective portion of unrealized gains and losses associated with forward contracts and the intrinsic value of option contracts are deferred as a component of accumulated other comprehensive income until the underlying hedge transactions are reported on our consolidated statement of earnings. We utilize interest rate swaps to convert floating-rate debt to fixed-rate debt. Interest rate swaps, to the extent they are effective hedges, are accounted for as cash flow hedges, with the changes in the fair values of these instruments being recorded in accumulated other comprehensive income net of deferred taxes. Changes in the fair values of derivatives not qualifying as hedges are reported in income. As a result of fluctuations in interest rates and volatility in market expectations, the fair market value of interest rate swap instruments can be expected to appreciate or depreciate over time. We plan to continue the practice of economically hedging various components of our debt. However, as a result of SFAS No. 133, such swap instruments may now create volatility in future reported earnings.

In addition, we have applied SFAS No. 142, *Goodwill and Other Intangible Assets*, beginning in the first quarter of fiscal 2003, and no longer amortize goodwill, resulting in increased earnings in comparison to prior periods in which goodwill was amortized. If we determine that there has been a material impairment to goodwill or other intangible assets with indefinite lives, we will recognize the amount of that impairment as a charge to earnings in the applicable reporting period. This could cause variances in our reported earnings in different quarters and years. See Management s Discussion and Analysis of Financial Condition and Results of Operations Accounting Matters and Notes D and O to our Consolidated Financial Statements incorporated by reference in this prospectus.

The shift to direct contract buying of green tobacco by many of our U.S. customers affects your ability to compare our year-to-year results and could have an adverse effect on our results of operations.

Comparability of our sales revenues has been affected by the shift to direct contract buying in the United States. In the United States, prior to 2002, we took ownership of all green tobaccos we purchased, then processed and resold that tobacco to our customers. Concurrent with the shift from an auction system to a direct contract buying system in the United States, certain major U.S. customers began purchasing green tobacco directly from the growers. We no longer take ownership of that tobacco and no longer record revenues associated with its resale. In addition, we will still need to maintain buying personnel in the residual auction markets, which could affect our ability to manage our costs.

Our extension of credit to tobacco growers could have an adverse effect on our financial condition.

We make advances to tobacco growers in many countries to finance their growing of tobacco for sale to us. Crop advances to growers are generally secured by the grower s agreement to deliver green tobacco. In the event of crop failure, recovery of advances could be delayed until deliveries of future crops or indefinitely. The temporary or permanent loss of these advances to growers could have a material adverse effect on our financial condition or results of operations.

Competition could adversely affect our operating results.

The leaf tobacco industry is highly competitive. Competition among leaf tobacco merchants is based primarily on the price charged for products and services as well as the merchant s ability to meet customer specifications in the buying, processing and financing of tobacco. In addition, there is competition in all countries to buy the available tobacco and in many years, total leaf tobacco processing capacity exceeds demand. There are three major global competitors in the leaf tobacco industry, and they are dependent upon a few large tobacco-manufacturing customers. The number of manufacturers has declined in recent years due to consolidation. The loss of, or a substantial reduction in the services provided to, any large or significant customer could have a material adverse effect on our financial condition or results of operations.

14

Table of Contents

Our reliance on a small number of significant customers may adversely affect our results of operations.

Our customers are manufacturers of cigarettes and tobacco products. Several of these customers individually account for a significant portion of our sales in a normal year. Of our consolidated tobacco sales in 2003, 2002 and 2001, approximately 21%, 22% and 18%, respectively, were to various tobacco customers which we have been led to believe are owned by or under common control of Japan Tobacco Inc. and approximately 17%, 13% and 18%, respectively, were to various tobacco customers which we have been led to believe are owned or under common control of the Altria Group, Inc. In addition, tobacco product manufacturers are currently experiencing a period of consolidation, and further consolidation among our customers could decrease such customer s demand for our leaf tobacco or processing services. The loss of any one or more of such customers could have a material adverse effect on our financial condition or results of operations.

We face increased risks of doing business due to the extent of our international operations.

We do business in over 40 countries, many of which do not have stable economies or governments. Our international operations are subject to international business risks, including unsettled political conditions, expropriation, import and export restrictions, exchange controls, inflationary economies and currency risks and risks related to the restrictions on repatriation of earnings or proceeds from liquidated assets of foreign subsidiaries. These risks are exacerbated in countries where we have advanced substantial sums or guaranteed local loans or lines of credit in substantial amounts for the purchase of tobacco from growers.

We have significant investments in our purchasing, processing and exporting operations in Brazil, Malawi, Tanzania, Zimbabwe, Turkey, Italy and Thailand. In particular, we derive significant operating profit from our operations in Brazil and Zimbabwe. In recent years, these countries economic problems have received wide publicity related to devaluation of the local currency and inflation. Devaluation can affect our purchase costs of tobacco and our processing costs.

In addition, we do business in countries that have tax regimes in which the rules are not clear or not consistently applied. This is especially true with regard to international transfer pricing.

We face increased risk of doing business in Zimbabwe due to political instability and civil unrest.

Zimbabwe remains in a period of civil unrest and continues to experience a deteriorating economy. Should the current political situation continue, we could experience disruptions and delays associated with our Zimbabwe operations. The government s forced land resettlement program has caused disruptions to both tobacco and food farm production in Zimbabwe. The volume of the 2003 tobacco crop is projected to decline by approximately 50% in comparison to the prior year crop. If the political situation in Zimbabwe continues to deteriorate, our ability to recover our assets there could be impaired. Our Zimbabwe subsidiary has long-lived assets of approximately $45.7 million as of September 30, 2003.

Fluctuations in foreign currency exchange and interest rates could adversely affect our results of operations.

Local country operating costs, including the purchasing and processing costs for tobaccos, are subject to the effects of exchange fluctuations of the local currency against the U.S. dollar. Fluctuations in the value of foreign currencies can significantly affect our operating results.

In addition, the devaluation of foreign currencies, particularly Asian and Eastern European currencies, has resulted and may in the future result in reduced purchasing power from customers in these areas. We may incur a loss of business as a result of the devaluation of these currencies now or in the future.

Table of Contents

Various outstanding interest-bearing instruments are sensitive to changes in interest rates. With respect to our variable-rate debt, as of June 30, 2003, a 10% percent change in interest rates would have the effect of increasing or decreasing our annual interest expense by $1.6 million.

Risks Relating to the Tobacco Industry

Reductions in demand for consumer tobacco products could adversely affect our results of operations.

The tobacco industry, both in the United States and abroad, continues to face a number of issues that may reduce the consumption of cigarettes and adversely affect our business, sales volume, results of operations, cash flows and financial condition.

These issues, some of which are more fully discussed below, include:

- governmental actions seeking to ascribe to tobacco product manufacturers liability for adverse health effects associated with smoking and exposure to environmental tobacco smoke;
- smoking and health litigation against tobacco product manufacturers;
- tax increases on consumer tobacco products;
- current and potential actions by state attorneys general to enforce the terms of the Master Settlement Agreement (MSA) between state governments in the United States and tobacco product manufacturers;
- governmental and private bans and restrictions on smoking;
- actual and proposed price controls and restrictions on imports in certain jurisdictions outside the United States;
- restrictions on tobacco product manufacturing, marketing, advertising and sales;
- the diminishing social acceptance of smoking;
- increased pressure from anti-smoking groups; and
- other tobacco product legislation that may be considered by Congress, the states and other countries.

Tobacco product manufacturer litigation may reduce demand for our services.

Our primary customers, the leading cigarette manufacturers, face thousands of lawsuits brought throughout the United States and, to a lesser extent, the rest of the world. The effects of the lawsuits on our customers could reduce their demand for tobacco from us. These lawsuits have been brought by plaintiffs, including (1) individuals and classes of individuals alleging personal injury and/or misleading advertising, (2) governments (including governmental and quasi-governmental entities in the United States and abroad) seeking recovery of health care costs allegedly caused by cigarette smoking, and (3) other groups seeking recovery of health care expenditures allegedly caused by cigarette smoking, including third-party health care payors, such as unions and health maintenance organizations. Damages claimed in some of the smoking and health cases range into the billions of dollars. There have been several jury verdicts against the tobacco industry in tobacco product litigation during the past several years.

In November 1998, certain United States tobacco product manufacturers entered into the MSA with 46 states and certain territories to settle asserted and unasserted health care cost recovery and other claims. These manufacturers had previously settled similar claims brought by Mississippi, Florida, Texas and Minnesota and an environmental tobacco smoke and health class action brought on behalf of airline flight attendants. The MSA has received final judicial approval in all 52 settling jurisdictions.

Key provisions of the MSA are as follows:

payments of approximately $206 billion over 25 years from the cigarette manufacturers to the states;

Table of Contents

marketing and advertising restrictions, including bans on cartoon characters, point-of-sale advertising, billboards, bus and taxi placards and sponsorships of most sporting events by brand names;

disbanding the Tobacco Institute, the Council for Tobacco Research and the Council for Indoor Air Research;

eliminating vending machine sales and requiring that all tobacco products be behind a counter; and

making payments of $1.7 billion for educational efforts about the dangers of smoking and to discourage youth smoking.

The MSA and other state settlement agreements include provisions relating to advertising and marketing restrictions, public disclosure of industry documents, limitations on challenges to tobacco product control and underage use laws, lobbying activities and other provisions. The provisions of the MSA and any similar settlement agreements could have a material adverse impact on our customers purchases from us.

Legislative and regulatory initiatives could reduce consumption of consumer tobacco products and demand for our services.

In recent years, members of Congress have introduced legislation, some of which has been the subject of hearings or floor debate, that would subject cigarettes to various regulations under the Department of Health and Human Services or regulation under the Consumer Products Safety Act, establish anti-smoking educational campaigns or anti-smoking programs, or provide additional funding for governmental anti-smoking activities, further restrict the advertising of cigarettes, including requiring additional warnings on packages and in advertising, provide that the Federal Cigarette Labeling and Advertising Act and the Smoking Education Act could not be used as a defense against liability under state statutory or common law, allow state and local governments to restrict the sale and distribution of cigarettes and eliminate or reduce the tax deductibility of tobacco product advertising. If any or all of the foregoing were to be implemented, our business, volume, results of operations, cash flows and financial condition could be materially adversely affected.

A number of foreign nations also have taken steps to restrict or prohibit cigarette advertising and promotion, to increase taxes on cigarettes and to discourage cigarette smoking. In some cases, such restrictions are more onerous than those in the United States. For example, advertising and promotion of cigarettes has been banned or severely restricted for a number of years in Australia, Canada, Finland, France, Italy, Singapore and other countries. Further, in May of 2003, the World Health Organization adopted a treaty, the Framework Convention for Tobacco Control, which requires signatory nations to enact legislation that would require, among other things, specific actions to prevent youth smoking; restrict or prohibit tobacco product marketing; inform the public about the health consequences of smoking and the benefits of quitting; regulate the content of tobacco products; impose new package warning requirements including the use of pictorial or graphic images; eliminate cigarette smuggling and counterfeit cigarettes; restrict smoking in public places; increase and harmonize cigarette excise taxes; abolish duty-free tobacco sales; and permit and encourage litigation against tobacco product manufacturers. The treaty will take effect after forty countries ratify it, and must be implemented by national laws in the ratifying nations.

Due to the present litigation, regulatory and legislative environment, a substantial risk exists that past growth trends in tobacco product sales may not continue and that existing sales may decline.

We have been, and continue to be, subject to governmental investigations into, and litigation concerning, leaf tobacco industry buying practices.

The leaf tobacco industry, from time to time, has been the subject of governmental investigations regarding trade practices. For example, in 1998 we were the subject of an investigation by the Antitrust Division of the United States Department of Justice into certain buying practices alleged to have occurred in the industry. More recently, we were a named defendant in antitrust class action litigation alleging a conspiracy to rig bids in the tobacco auction markets.

Table of Contents

In addition, certain similar investigations are ongoing. In October 2001, the Directorate General for Competition (DGCOMP) of the European Commission (EC) began conducting an administrative investigation into certain tobacco buying and selling practices alleged to have occurred within the leaf tobacco industry in Spain and Italy. We believe that the DGCOMP may be conducting similar investigations in other countries. Our subsidiaries in Spain (Agroexpansion) and Italy (DIMON Italia) have been the subject of those investigations. Based on our understanding of the facts pertaining to the activities of Spanish and Italian tobacco processors, including Agroexpansion and DIMON Italia, respectively, we believe there have been infringements of EU law. As anticipated, the EC has issued a Statement of Objections (Statement) relating to buying practices in Spain. As expected, the Statement alleges that the buyer practices of the tobacco processors and producers in Spain constitute infringements of EU competition laws. Also as expected, the Statement indicates that the EC intends to assess administrative penalties, but does not provide any indication as to what those penalties may be. Although it is impossible to assess the amount of any penalties at this time, they could be material to our earnings. We do not expect to have any insight into the potential penalties until late in 2004.

In September 2002, the Argentina National Commission for Defense of Competition (NCDC) began an administrative inquiry into the tobacco and cigarette industry in Argentina, including our subsidiary, DIMON Argentina S.A.

Adverse determinations in these or similar proceedings may negatively impact our future results.

Table of Contents

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements included in this prospectus are forward-looking statements. Forward-looking statements can be identified by words such as believes, anticipates, expects, estimates, intends, plans, projection, and words of similar import. We have based these forward-looking statements on our current expectations and projections about future events and trends affecting the financial condition of our business that may prove to be incorrect. These forward-looking statements relate to future events, our future financial performance, and involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance, achievements or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. You should specifically consider the various factors identified in this prospectus, particularly those under the caption Risk Factors, and in any other documents filed by us with the SEC that could cause actual results to differ materially from our forward-looking statements.

All forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by this cautionary statement. Any forward-looking statement speaks only as of the date it was made, and, except for our ongoing obligations to disclose material information as required by the federal securities laws, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this report might not transpire.

You should note the forward looking statements doctrine embodied in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 do not apply to these forward-looking statements or to any forward-looking statements incorporated by reference herein.

Table of Contents

THE EXCHANGE OFFER

General

We are offering to exchange up to $125 million in the aggregate principal amount of New Notes for the same aggregate principal amount of Outstanding Notes. We are making the exchange offer for all of the Outstanding Notes. Your participation in the exchange offer is voluntary and you should carefully consider whether to accept this offer.

Purpose and Effect of the Exchange Offer

We issued and sold $125 million in principal amount of the Outstanding Notes on May 27, 2003 in a transaction exempt from the registration requirements of the Securities Act. Because this transaction was exempt under the Securities Act, you may re-offer, resell, or otherwise transfer the Outstanding Notes only if registered under the Securities Act or if an applicable exemption from the registration and prospectus delivery requirements of the Securities Act is available.

In connection with the issuance of the Outstanding Notes, we entered into a registration rights agreement. Under the registration rights agreement, we, among other things, agreed to:

- prepare and file a registration statement with the SEC for the proposed purpose of exchanging the Outstanding Notes for notes which have substantially the same terms and have been registered under the Securities Act;
- use our best efforts to cause the registration statement to become effective within 210 days following the original issuance of the Outstanding Notes;
- keep the exchange offer open for at least 20 business days after its commencement;
- use our best efforts to complete the exchange offer within 30 business days, or such longer period as may be required by law, after the effective date of the registration statement;
- accept for exchange all Outstanding Notes validly tendered by and not withdrawn in accordance with the terms of the exchange offer set forth in the registration statement; and
- use our efforts to file a shelf registration statement for the resale of the notes if we cannot effect an exchange offer within the time periods listed above and in certain other circumstances.

In addition, there are circumstances where we are required to use our best efforts to file a shelf registration statement with respect to resales of the notes. We have filed a copy of the registration rights agreement as an exhibit to the registration statement that this prospectus forms a part of and that has been filed with the SEC.

As soon as practicable after the registration statement is declared effective, we will offer the holders of Outstanding Notes who are not prohibited by any law or policy of the SEC from participating in this exchange offer the opportunity to exchange their Outstanding Notes for New Notes registered under the Securities Act that are substantially identical to the Outstanding Notes, except that the New Notes will not contain terms with respect to transfer restrictions, registration rights and liquidated damages.

In the event that we do not meet certain deadlines set forth in the registration rights agreement with respect to the registration of the New Notes and consummation of the exchange offer, we have agreed to pay to each affected holder of Outstanding Notes liquidated damages in an amount equal to $0.05 per week per $1,000 in principal amount of Outstanding Notes for each week or portion thereof that the default continues for the first 90-day period immediately following the occurrence of such default. The amount of

Table of Contents

liquidated damages shall increase by an additional $0.05 per week per $1,000 in principal amount with respect to each subsequent 90-day period, up to a maximum of $0.20 per week per $1,000 in principal amount, until all defaults have been cured. We are not required to pay liquidated damages for more than one default at any given time.

To exchange your Outstanding Notes for freely transferable New Notes, you will be required to make the following representations:

- any New Notes that you receive will be acquired in the ordinary course of your business;
- you have no arrangement or understanding with any person or entity to participate in the distribution of the New Notes;
- you are not our affiliate, as defined in Rule 405 of the Securities Act;
- you are not a broker-dealer, and you are not engaged in and do not intend to engage in the distribution of the New Notes;
- if you are a broker-dealer that will receive New Notes for your own account and you acquired those notes as a result of market-making activities or other trading activities, you will deliver a prospectus, as required by law, in connection with any resale of the New Notes; and
- any other representations and warranties required by law.

Resale of New Notes

Based on the interpretations of the SEC staff in no-action letters issued to third parties, we believe that New Notes issued in the exchange offer may be offered for resale, resold and otherwise transferred by you without compliance with the registration and prospectus delivery provisions of the Securities Act, if:

- you are not our affiliate within the meaning of Rule 405 under the Securities Act;
- the New Notes are acquired in the ordinary course of your business; and
- you are not participating, do not intend to participate and have no arrangements or understanding with any person to participate in any distribution of the New Notes.

Broker-dealers that acquired Outstanding Notes directly from us may not rely on the interpretations of the SEC described above. Accordingly, in order to sell their notes, broker-dealers that acquired Outstanding Notes directly from us must comply with the registration and prospectus delivery requirements of the Securities Act, including being named as a selling security holder in any resale prospectus. If you are a broker-dealer that will receive New Notes for your own account in exchange for Outstanding Notes and you acquired those notes as a result of market-making activities or other trading activities, you must deliver a prospectus, as required by law, in connection with any resale of the New Notes. Only broker-dealers that acquired Outstanding Notes as a result of market-making or other trading activities may participate in the

exchange offer.

If you do not satisfy the above conditions, you

- cannot rely on the interpretations by the SEC staff; and
- must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction.

Table of Contents

We do not intend to seek our own no-action letter and the SEC staff may not make a similar determination with respect to the New Notes as it has in prior no-action letters issued to other parties. In November 1998, the SEC proposed various changes to the regulatory structure for offerings registered under the Securities Act. The SEC has stated that, if these proposals are adopted, the SEC staff will repeal the interpretations set forth in prior no-action letters. We cannot predict whether these proposals will be adopted or, if they are adopted, when and in what form they will be adopted or what impact any new interpretations would have on this exchange offer.

If an exemption from registration is not available, any noteholder intending to resell New Notes must be covered by an effective registration statement under the Securities Act containing the selling noteholder s information required by Items 507 and 508 of Regulation S-K under the Securities Act. This prospectus may be used for an offer to resell, resale or other retransfer of New Notes only as specifically described in this prospectus. Please read the section captioned Plan of Distribution for more details regarding the transfer of New Notes.

Terms of the Exchange Offer

Upon the terms and subject to the conditions described in this prospectus and in the letter of transmittal, we will accept for exchange any Outstanding Notes properly tendered and not withdrawn prior to the expiration date. We will issue New Notes in principal amount equal to the principal amount of Outstanding Notes surrendered. Outstanding Notes may be tendered for New Notes only in integral multiples of $1,000.

The exchange offer is not conditioned upon any minimum aggregate principal amount of Outstanding Notes being tendered for exchange.

As of the date of this prospectus, $125 million aggregate principal amount of the Outstanding Notes are outstanding. This prospectus and the letter of transmittal are being sent to all registered holders of Outstanding Notes. There will be no fixed record date for determining registered holders of Outstanding Notes entitled to participate in the exchange offer.

We intend to conduct the exchange offer in accordance with the provisions of the registration rights agreement, the applicable requirements of the Securities Act and the Securities Exchange Act of 1934, and the rules, regulations and interpretations of the SEC. Outstanding Notes that are not tendered for exchange will remain outstanding and continue to accrue interest, but will not be entitled to the rights and benefits the holders have under the registration rights agreement.

We will be deemed to have accepted for exchange properly tendered Outstanding Notes when we have given oral or written notice of the acceptance to the exchange agent and complied with the applicable provisions of the registration rights agreement. The exchange agent will act as agent for the tendering holders for the purposes of receiving the New Notes from us.

If you tender Outstanding Notes in the exchange offer, you will be required to pay any applicable brokerage commissions, fees or transfer taxes with respect to the exchange of Outstanding Notes. We will not pay any charges and expenses (other than those related to the registration of the New Notes) in connection with the exchange offer. It is important that you read the Fees and Expenses section for more details regarding fees and expenses incurred in the exchange offer.

We will return any Outstanding Notes that we do not accept for exchange for any reason without expense to their tendering holder promptly after the expiration or termination of the exchange offer.

Neither we nor the exchange agent makes any recommendation to holders of the Outstanding Notes as to whether to tender or refrain from tendering all or any portion of their Outstanding Notes in the exchange offer. In addition, no one has been authorized to make any recommendation to holders of the Outstanding Notes. After reading this prospectus and the letter of transmittal and consulting with your

Table of Contents

advisers, if any, based on your financial position and requirements, you must make your own decision whether to participate in the exchange offer, and, if so, the aggregate amount of Outstanding Notes to tender.

Expiration Date

The exchange offer will expire at 5:00 p.m., New York City time on _____, 2004, unless, in our sole and absolute discretion, we extend it.

Extensions, Delays in Acceptance, Termination or Amendment

We expressly reserve the right, at any time or various times, to extend the period of time during which the exchange offer is open. We may delay acceptance of any Outstanding Notes by giving written notice of the extension to their holders. During any extensions, all Outstanding Notes previously tendered will remain subject to the exchange offer, and we may accept them for exchange.

In order to extend the exchange offer, we will notify the exchange agent orally or in writing of any extension. We will notify the registered holders of Outstanding Notes of the extension no later than 9:00 a.m., New York City time, on the business day after the previously scheduled expiration date.

If any of the conditions described below under Conditions to the Exchange Offer have not been satisfied, we reserve the right, in our sole discretion:

to delay accepting for exchange any Outstanding Notes;

to extend the exchange offer; or

to terminate the exchange offer

by giving written notice of the delay, extension or termination to the exchange agent. We also reserve the right to amend the terms of the exchange offer.

Any delay in acceptance, extension, termination or amendment will be followed promptly by written notice to the registered holders of Outstanding Notes. If we amend the exchange offer in a manner that we determine to constitute a material change, we will promptly file a post-effective amendment to the registration statement and disclose the amendment by means of a prospectus supplement when the SEC has declared the post-effective amendment effective. The prospectus supplement will be distributed to the registered holders of the Outstanding Notes. Depending upon the significance of the amendment and the manner of disclosure to the registered holders, we will extend the exchange offer if the exchange offer would otherwise expire during any period of delay. If we materially amend the exchange offer, we will promptly distribute a prospectus supplement to the holders of the Outstanding Notes disclosing the change and extend the exchange offer for a period of

five to ten business days, depending upon the significance of the amendment and the manner of disclosure to the registered holders, if the exchange offer would otherwise expire during the five to ten business day period.

Conditions to the Exchange Offer

Despite any other term of the exchange offer, we will not be required to accept for exchange, or exchange any New Notes for any Outstanding Notes, and we may terminate or amend the exchange offer as provided in this prospectus before the expiration of the offer, if in our reasonable judgment:

the exchange offer, or the making of any exchange by a holder of Outstanding Notes, would violate applicable law or any applicable interpretation of the staff of the SEC;

Table of Contents

any action or proceeding has been instituted or threatened in any court or by or before any governmental agency with respect to the exchange offer that, in our judgment, would reasonably be expected to impair our ability to proceed with the exchange offer; or

you do not tender your Outstanding Notes in compliance with the terms of the exchange offer.

In addition, we will not be obligated to accept for exchange the Outstanding Notes of any holder that has not made to us the representations described under Purpose and Effect of the Exchange Offer and Procedures for Tendering and Plan Distribution.

We expressly reserve the right to amend or terminate the exchange offer and to reject for exchange any Outstanding Notes not previously accepted for exchange, upon the occurrence of any of the conditions to the exchange offer specified above. We will give written notice of any extension, amendment, non-acceptance or termination to the registered holders of the Outstanding Notes promptly.

These conditions are for our sole benefit and we may assert them in whole or in part at any time or at various times in our sole discretion, *provided, however,* that all conditions to the offer, other than those dependent upon receipt of necessary government approvals or as described in the third bullet point above, must be satisfied or waived before the expiration of the offer. If we fail at any time to exercise any of these rights, this failure will not mean that we have waived our rights. Each right will be deemed an ongoing right that we may assert at any time or at various times. If any waiver or amendment constitutes a material change to the exchange offer, we will promptly disclose the waiver or amendment by means of a prospectus supplement that will be distributed to the registered holders of the Outstanding Notes. In this case, we will extend the exchange offer to the extent required by the Exchange Act to provide holders of Outstanding Notes the opportunity to effectively consider the additional information and to factor this information into their investment decision.

In addition, we will not accept for exchange any Outstanding Notes tendered, and will not issue New Notes in exchange for any Outstanding Notes, if at the time any stop order has been threatened or is in effect with respect to (i) the registration statement of which this prospectus constitutes a part or (ii) the qualification of the indenture relating to the notes under the Trust Indenture Act of 1939.

We currently expect that each of these conditions will be satisfied and that no waiver will be necessary.

Procedures for Tendering

How to Tender Generally

Only a holder of Outstanding Notes may tender the Outstanding Notes in the exchange offer. To tender in the exchange offer, a holder must:

complete, sign and date the letter of transmittal, or a facsimile of the letter of transmittal;

have the signature on the letter of transmittal guaranteed, if the letter of transmittal so requires; and

mail, send by facsimile or otherwise deliver the letter of transmittal to the exchange agent prior to the expiration date, or

comply with the automated tender offer program procedures of DTC, as described below.

In addition, either:

the exchange agent must receive, prior to the expiration date, a timely confirmation of book-entry transfer of the Outstanding Notes into the exchange agent s account at DTC according to the procedure for book-entry transfer described below or a properly transmitted agent s message; or

Table of Contents

the holder must comply with the guaranteed delivery procedures, as described below.

To be tendered effectively, the exchange agent must receive any physical delivery of the letter of transmittal and other required documents at its address provided under The Exchange Agent prior to the expiration date.

A tender by a holder that is not withdrawn prior to the expiration date will constitute an agreement between the holder and us in accordance with the terms and subject to the conditions described in this prospectus and in the letter of transmittal.

The method of delivery of the letter of transmittal and all other required documents to the exchange agent is at your election and risk. Rather than mail these items, we recommend that you use an overnight or hand delivery service. In all cases, you should allow sufficient time to assure delivery to the exchange agent before the expiration date. Do not send the letter of transmittal to us. You may request your brokers, dealers, commercial banks, trust companies or other nominees to effect the above transactions for you.

How to Tender if You Are a Beneficial Owner

If you beneficially own Outstanding Notes that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender those notes, you should contact the registered holder promptly and instruct it to tender on your behalf.

Your Representation to Us

By signing or agreeing to be bound by the letter of transmittal, you represent to us that, among other things:

any New Notes that you receive are being acquired in the ordinary course of your business;

you have no arrangement or understanding with any person or entity to participate in any distribution of the New Notes;

you are not a broker-dealer, and you are not engaged in and do not intend to engage in any distribution of the New Notes;

if you are a broker-dealer that will receive New Notes for your own account in exchange for Outstanding Notes and you acquired those notes as a result of market-making activities or other trading activities, you will deliver a prospectus, as required by law, in connection with any resale of the New Notes; and

you are not our affiliate, as defined in Rule 405 of the Securities Act.

Signatures and Signature Guarantees

You must have signatures on a letter of transmittal or any notice of withdrawal, as described below, guaranteed by a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondent in the United States, or an eligible guarantor institution within the meaning of Rule 17Ad-15 under the Exchange Act, that is a member of one of the recognized signature guarantee programs identified in the letter of transmittal, unless the Outstanding Notes are tendered:

- by a registered holder who has not completed the box entitled Special Issuance Instructions or Special Delivery Instructions on the letter of transmittal; or

Table of Contents

for the account of a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondence in the United States, or an eligible guarantor institution.

If the letter of transmittal or any notes or note powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, those persons should so indicate when signing. Unless waived by us, the parties listed above should also submit evidence satisfactory to us of their authority to deliver the letter of transmittal.

Tendering Through DTC s Automated Tender Offer Program

Any financial institution that is a participant in DTC s system may be able to use DTC s automated tender offer program to tender. Participants in the program may be able to transmit their acceptance of the exchange offer electronically. They may do so by causing DTC to transfer the Outstanding Notes to the exchange agent in accordance with its procedures for transfer. DTC will then send an agent s message to the exchange agent.

The term agent s message means a message transmitted by DTC, received by the exchange agent and forming part of the book-entry confirmation, to the effect that:

DTC has received an express acknowledgment from a participant in its automated tender offer program that it is tendering Outstanding Notes that are the subject of the book-entry confirmation;

the participant has received and agrees to be bound by the terms of the letter of transmittal or, in the case of an agent s message relating to guaranteed delivery, that the participant has received and agrees to be bound by the applicable notice of guaranteed delivery; and

the agreement may be enforced against the participant.

Determinations Under the Exchange Offer

We will determine in our sole discretion all questions as to the validity, form, eligibility, time of receipt, acceptance of tendered Outstanding Notes and withdrawal of tendered Outstanding Notes. Our determination will be final and binding on all parties. We reserve the absolute right to reject any Outstanding Notes not properly tendered or any Outstanding Notes our acceptance of which would, in the opinion of our counsel, be unlawful. Our interpretation of the terms and conditions of the exchange offer, including the instructions in the letter of transmittal, will be final and binding on all parties. Unless waived, all defects or irregularities in connection with tenders of Outstanding Notes must be cured within the time as we will determine. Although we intend to notify holders of defects or irregularities with respect to tenders of Outstanding Notes, neither we, the exchange agent nor any other person is obligated to do so, and no such parties will incur any liability for failure to give the notification. Tenders of Outstanding Notes will not be deemed made until the defects or irregularities have been cured or waived. Any Outstanding Notes received by the exchange agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned to the tendering holder, unless otherwise provided in the letter of transmittal, as soon as practicable following the expiration date.

Table of Contents

When We Will Issue New Notes

In all cases, we will issue New Notes for Outstanding Notes that we have accepted for exchange only after the exchange agent timely receives:

- Outstanding Notes or a timely book-entry confirmation of the Outstanding Notes into the exchange agent s account at DTC;
- a properly completed and duly executed letter of transmittal and all other required documents or a properly transmitted agent s message; and
- the exchange offer has expired.

Return of Outstanding Notes Not Accepted or Excepted

If we do not accept any tendered Outstanding Notes for exchange for any reason described in the terms and conditions of the exchange offer or if Outstanding Notes are submitted for a greater principal amount than the holder desires to exchange, the unaccepted or non-exchanged Outstanding Notes will be returned without additional expense to their tendering holder. In the case of Outstanding Notes tendered by book-entry transfer into the exchange agent s account at DTC according to the procedures described below, the non-exchanged Outstanding Notes will be credited to an account maintained with DTC. These actions will occur promptly after the expiration or termination of the exchange offer.

Book-Entry Transfer

The exchange agent will establish an account with respect to the Outstanding Notes at DTC for purposes of the exchange offer promptly after the date of this prospectus. Any financial institution participating in DTC s system may make book-entry delivery of Outstanding Notes by causing DTC to transfer the Outstanding Notes into the exchange agent s account at DTC in accordance with DTC s procedures for transfer.

Guaranteed Delivery Procedures

If you wish to tender your Outstanding Notes but you cannot deliver the letter of transmittal or any other required documents to the exchange agent or comply with the applicable procedures under DTC s automated tender offer program prior to the expiration date, you may still tender if:

- the tender is made through a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondent in the United States, or an eligible guarantor institution;

prior to the expiration date, the exchange agent receives from a member firm as described above, either a properly completed and duly executed notice of guaranteed delivery by facsimile transmission, mail or hand delivery or a properly transmitted agent s message and notice of guaranteed delivery;

setting forth your name and address, the registered number(s) of your Outstanding Notes and the principal amount of Outstanding Notes tendered;

stating that the tender is being made thereby;

guaranteeing that, within three New York Stock Exchange trading days after the expiration date, the letter of transmittal or facsimile thereof, together with the Outstanding Notes or a book-entry confirmation, and any other documents required by the letter of transmittal will be deposited by the eligible guarantor institution with the exchange agent; and

the exchange agent receives the properly completed and executed letter of transmittal or facsimile thereof, as well as a book-entry confirmation, and all other documents required by the letter of transmittal, within three New York Stock Exchange trading days after the close of business, New York time, on the expiration date.

Table of Contents

Upon request to the exchange agent, a notice of guaranteed delivery will be sent to you if you wish to tender your Outstanding Notes according to the guaranteed delivery procedures described above.

Withdrawal of Tenders

Except as otherwise provided in this prospectus, you may withdraw your tender at any time prior to the expiration date.

For a withdrawal to be effective:

the exchange agent must receive a written notice of withdrawal at one of the addressees listed below under The Exchange Agent, or

you must comply with the appropriate procedures of DTC s automated tender offer program system

Any notice of withdrawal must:

specify the name of the person who tendered the Outstanding Notes to be withdrawn, and

identify the Outstanding Notes to be withdrawn, including the principal amount of the Outstanding Notes.

If Outstanding Notes have been tendered under the procedure for book-entry transfer described above, any notice of withdrawal must specify the name and number of the account at DTC to be credited with the withdrawn Outstanding Notes and must otherwise comply with the procedures of DTC.

We will determine all questions as to the validity, form, eligibility and time of receipt of notice of withdrawal, and our determination will be final and binding on all parties. We will deem any Outstanding Notes so withdrawn not to have been validly tendered for exchange for purposes of the exchange offer.

Any Outstanding Notes that have been tendered for exchange but that are not exchanged for any reason will be credited to an account maintained with DTC for the Outstanding Notes. This crediting will take place as soon as practicable after withdrawal, rejection of tender or termination of the exchange offer. You may retender properly withdrawn Outstanding Notes by following one of the procedures described under Procedures for Tendering above at any time on or prior to the expiration date.

The Exchange Agent

SunTrust Bank has been appointed as the exchange agent for the exchange offer. SunTrust Bank also serves as the trustee under the indenture governing the notes. Questions and requests for assistance or additional copies of this prospectus or the letter of transmittal should be directed to the exchange agent addressed as follows:

By Registered Mail or Certified Mail:

SunTrust Bank
Corp Trust Dept; HDQ 5310
919 East Main Street
Richmond, Virginia 23219
Attention: Nancy Harrison

By Telephone: (804) 782-5726

By Overnight Courier:

SunTrust Bank
Corp Trust Dept; HDQ 5310
919 East Main Street
Richmond, Virginia 23219
Attention: Nancy Harrison

By Facsimile: (804) 782-7855
(confirm receipt by telephone)

Table of Contents

Fees and Expenses

We will bear the expenses of the exchange offer. The principal offer is being made by mail; however, we may make additional offers by telegraph, telephone or in person by our officers and regular employees and those of our affiliates.

We have not retained any dealer-manager in connection with the exchange offer and will not make payments to broker-dealers or other soliciting acceptances of the exchange offer. We will, however, pay the exchange agent reasonable and customary fees, if any, for its services and reimburse it for its related reasonable out-of-pocket expenses.

We will pay the expenses to be incurred in connection with the exchange offer. They include:

- SEC registration fees;
- fees and expenses of the exchange agent and trustee;
- accounting and legal fees and printing costs; and
- any related fees and expenses.

Transfer Taxes

We will not pay any transfer taxes, if any, applicable to the exchange of Outstanding Notes under the exchange offer. In addition to the exchange of your notes, you may be required to pay any transfer taxes, whether imposed on the registered holder or any other person, if:

- certificates representing Outstanding Notes for principal amounts not tendered or accepted for exchange are to be delivered to, or are to be issued in the name of, any person other than the registered holder of Outstanding Notes tendered;
- tendered Outstanding Notes are registered in the name of any person other than the person signing the letter of transmittal;
- a transfer tax is imposed for any reason other than the exchange of Outstanding Notes under the exchange offer; or
- satisfactory evidence of payment of any transfer taxes payable by a noteholder is not submitted with the letter of transmittal.

We encourage you to consult your legal or tax advisor if you have any questions regarding transfer taxes. In such circumstances, the amount of the transfer taxes will be billed directly to that tendering holder.

Consequences of Failure to Exchange

If you do not exchange your Outstanding Notes for New Notes in the exchange offer, you will remain subject to the existing restrictions on transfer of the Outstanding Notes, and the market for secondary resales is likely to be minimal. In general, you may not offer or sell the Outstanding Notes unless they are registered under the Securities Act, or if the offer or sale is exempt from registration under the Securities Act and applicable state securities laws. Except as required by the registration rights agreement, we do not intend to register the Outstanding Notes under the Securities Act. Unless they are broker-dealers selling under certain circumstances, holders of Outstanding Notes will no longer have any rights under the registration rights agreement although the Outstanding Notes will remain outstanding and will continue to accrue interest. Broker-dealers that are not eligible to participate in the exchange offer may have additional rights under the registration rights agreement to facilitate the sale of their Outstanding Notes.

Table of Contents

Participation in the exchange offer is voluntary, and you should carefully consider whether to accept. You are urged to consult your financial and tax advisors in making your own decision on what action to take.

Accounting Treatment

We will record the New Notes in our accounting records at the same carrying value as the Outstanding Notes, which is the aggregate principal amount of the Outstanding Notes, as reflected in our accounting records on the date of exchange. Accordingly, we will not recognize any gain or loss for accounting purposes in connection with the exchange offer.

Further Note Acquisition

We may in the future seek to acquire untendered Outstanding Notes in open market or privately negotiated transactions, through subsequent exchange offers or otherwise. We are not required and have no present plans to acquire any Outstanding Notes that are not tendered in the exchange offer or to file a registration statement to permit resales of any untendered Outstanding Notes.

Table of Contents

USE OF PROCEEDS

We will not receive any cash proceeds from the issuance of the New Notes. In consideration for issuing the New Notes as contemplated in this prospectus, we will receive in exchange the Outstanding Notes in like principal amounts, which we will cancel. Accordingly, there will not be an increase in our outstanding indebtedness.

The net proceeds from the issuance of the Outstanding Notes, approximately $121.6 million after deducting the expenses of the offering, were used to redeem $125 million principal amount of our 8 7/8% Senior Notes due 2006. The 2006 Senior Notes were redeemable for a redemption price equal to 101.4791% (as of June 1, 2003) of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of redemption.

Table of Contents

DESCRIPTION OF THE EXCHANGE NOTES

General

The Outstanding Notes were, and the New Notes will be, issued under an Indenture dated as of May 30, 2003 between us and SunTrust Bank, as trustee (the Trustee). The terms of the New Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (the Trust Indenture Act).

The New Notes will be issued solely in exchange for an equal principal amount of Outstanding Notes pursuant to the exchange offer. The form and terms of the New Notes will be identical in all material respects to the form and terms of the Outstanding Notes except that (i) the New Notes will have been registered under the Securities Act and (ii) the registration rights and contingent liquidated damages provisions applicable to the Outstanding Notes are not applicable to the New Notes.

We summarize below the material provisions of the Indenture, but we do not restate the Indenture in its entirety. We urge you to read the Indenture because it, and not this description, defines your rights as a holder of the New Notes. You can obtain a copy of the Indenture in the manner described under the section entitled Where You Can Find More Information.

Key terms used in this section are defined under Certain Definitions. When we refer in this section to:

the Company, we mean DIMON Incorporated and not its subsidiaries, and

Notes, we mean the Outstanding Notes, the New Notes issued therefor (see Exchange Offer; Registration Rights) and Add On Notes.

Overview of the Notes

The Notes will:

be general unsecured senior obligations of the Company;

rank equal in right of payment with all other existing and future senior unsecured obligations of the Company;

rank senior in right of payment to all other existing and future subordinated indebtedness of the Company, if any;

be unconditionally guaranteed on a general unsecured senior basis by all of the Company s Material Domestic Subsidiaries;

be effectively subordinated to all existing and future indebtedness of all Subsidiaries other than Material Domestic Subsidiaries;

initially be issued in an aggregate principal amount of $125 million on the Issue Date; and

be unlimited in aggregate principal amount with respect to Notes issued after the initial Issue Date.

The New Notes and the Outstanding Notes will rank equally.

Table of Contents

As of September 30, 2003, we had approximately $658.3 million of total indebtedness on a consolidate basis. Included in that amount, we had approximately $26.6 million of senior secured indebtedness that effectively ranks senior to the New Notes, approximately $224.9 million of subsidiary debt that is effectively senior to the New Notes, approximately $208.4 of outstanding indebtedness that ranks equally to the New Notes, and approximately $73.3 million principal amount of 6 1/4% Convertible Subordinated Debentures due March 31, 2007, which are subordinated to the New Notes.

The amounts of such indebtedness fluctuate seasonally as discussed above under the caption Risk Factors Risks Relating To Our Indebtedness and The Notes. The terms of the Indenture will permit us and our Subsidiaries to incur additional indebtedness, subject to certain limitations, including indebtedness that may be secured by liens on our property and that of our Subsidiaries. See the discussion below under the captions Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock and Certain Covenants Liens.

Add On Notes

Subject to the limitations set forth under Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock, the Company may incur additional indebtedness. At our option, this additional Indebtedness may consist of an unlimited principal amount of additional Notes (Add On Notes) that may be issued in one or more transactions, which would have identical terms as Outstanding Notes and New Notes. Holders of Add On Notes would have the right to vote together with Outstanding Notes and New Notes as one class.

Note Guarantees

If any Person becomes a Material Domestic Subsidiary, we will cause that Material Domestic Subsidiary concurrently to become a Note Guarantor by executing a supplemental indenture and providing the Trustee with an Officers Certificate and Opinion of Counsel. Each Note Guarantor will unconditionally guarantee the performance of all Obligations of the Company under the Indenture, the Notes and the Registration Rights Agreement. Each Note Guarantee will rank equal in right of payment to all senior indebtedness of the relevant Note Guarantor. The Obligations of each Note Guarantor in respect of its Note Guarantee will be limited to the maximum amount as will result in the Obligations not constituting a fraudulent conveyance or fraudulent transfer under U.S. federal or state law.

A Note Guarantor will be released and relieved of its Obligations under its Note Guarantee in the event:

(1) there is a Legal Defeasance of the Notes as described under Legal Defeasance and Covenant Defeasance; or

(2) there is a sale or other disposition of Capital Stock of such Note Guarantor following which such Note Guarantor is no longer a direct or indirect Material Domestic Subsidiary of the Company;

provided that the transaction is carried out pursuant to and in accordance with the applicable provisions of the Indenture. On the date hereof, there are no Note Guarantors.

Principal, Maturity and Interest

We will issue $125 million aggregate principal amount of Notes on the Issue Date in denominations of $1,000 and integral multiples of $1,000. The Notes will mature on June 1, 2013. The Notes will not be entitled to the benefit of any mandatory sinking fund.

Table of Contents

Interest on the Notes will accrue at the rate per annum set forth on the cover page of this offering memorandum and will be payable semi-annually in arrears on June 1 and December 1, to Holders of record on the immediately preceding May 15 and November 15.

Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of original issuance. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. Principal, premium, if any, and interest on the Notes will be payable at our office or agency maintained for such purpose within the City and State of New York or, at our option, payment of interest may be made by check mailed to the Holders of the Notes at their respective addresses set forth in the register of Holders of Notes; *provided that* all payments with respect to the Global Note and Certificated Notes (as such terms are defined below under the caption Book-Entry, Delivery and Form) the Holders of which have given wire transfer instructions to us will be required to be made by wire transfer of immediately available funds to the accounts specified by the Holders thereof. Until otherwise designated by us, our office or agency in New York will be in the office of the Trustee maintained for such purpose. The Notes will be issued only in fully registered form, without coupons.

Effect of Corporate Structure

The Notes are our obligations. Because a major portion of our operations are currently conducted through subsidiaries, however, the cash flow and the consequent ability to service our indebtedness, including the Notes, are dependent, in part, upon the earnings of our subsidiaries and the distribution of those earnings to us or upon loans or other payments of funds by those subsidiaries to us. Our subsidiaries are separate and distinct legal entities and, except for any Note Guarantors, have no obligation, contingent or otherwise, to pay any amounts due pursuant to the Notes or to make any funds available therefor, whether by dividends, loans or other payments. In addition, the payment of dividends and the making of loans and advances to us by our subsidiaries may be subject to statutory or contractual restrictions, are contingent upon the earnings of those subsidiaries and are subject to various business considerations. All of our significant subsidiaries are located outside of the United States.

Although the Indenture limits the incurrence of indebtedness by us and our subsidiaries (see the discussion below under the caption Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock), the Notes will be effectively subordinated to all indebtedness and other liabilities, including both long-term and current liabilities, of our subsidiaries, other than Note Guarantors. Any right of ours to receive assets of any of such subsidiaries upon liquidation or reorganization of such subsidiary (and the consequent right of the Holders of the Notes to participate in those assets) will be effectively subordinated to the claims of that subsidiary s creditors (including trade creditors).

Redemption

Optional Redemption. Except as provided below, the Notes will not be redeemable at our option prior to June 1, 2008. Thereafter, the Notes will be subject to redemption at our option, in whole or in part, upon not less than 30 nor more than 60 days notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest thereon to the applicable redemption date, if redeemed during the twelve-month period beginning on June 1 of the years indicated below:

Year	Percentage
2008	103.875%
2009	102.583%

2010	101.292%
2011 and thereafter	100.000%

Optional Redemption upon Equity Offerings. At any time, or from time to time, on or prior to June 1, 2006, we may, at our option, use the net cash proceeds of one or more Public Equity Offerings (as defined below) to redeem in the aggregate up to 35% of the aggregate principal amount of the Notes originally issued at a redemption price equal to 107.750% of the principal amount thereof, plus accrued and unpaid interest thereon to the date of redemption; *provided that:*

(1) after giving effect to any such redemption at least 65% of the aggregate principal amount of the Notes originally issued remains outstanding; and

Table of Contents

(2) we shall make such redemption not more than 90 days after the consummation of such Public Equity Offering.

As used in the preceding paragraph, Public Equity Offering means an underwritten public offering of Capital Stock of the Company other than Disqualified Stock pursuant to an effective registration statement (other than a registration statement filed on Form S-4 or S-8) filed with the SEC in accordance with the Securities Act, or any successor statute.

Optional Redemption Procedures. If less than all of the Notes are to be redeemed at any time, selection of Notes for redemption will be made by the Trustee in compliance with the requirements of the principal national securities exchange, if any, on which the Notes are listed, or, if the Notes are not so listed, on a pro rata basis, by lot or by such method as the Trustee shall deem fair and appropriate; *provided that* no Notes of $1,000 or less shall be redeemed in part. Notices of redemption shall be mailed by first class mail at least 30 but not more than 60 days before the redemption date to each Holder of Notes to be redeemed at its registered address. If any Note is to be redeemed in part only, the notice of redemption that relates to such Note shall state the portion of the principal amount thereof to be redeemed. A new Note in principal amount equal to the unredeemed portion thereof will be issued in the name of the Holder thereof upon cancellation of the original Note. On and after the redemption date, interest ceases to accrue on Notes or portions of them called for redemption.

Mandatory Redemption. The Company is not required to make mandatory redemption or sinking fund payments with respect to the Notes.

Change of Control

Upon the occurrence of a Change of Control (as defined herein), each Holder of Notes will have the right to require the Company to repurchase all or any part (equal to $1,000 or an integral multiple thereof) of such Holder s Notes pursuant to the offer described below (the Change of Control Offer) at a purchase price (the Change of Control Purchase Price) in cash equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest thereon to the date of purchase (the Change of Control Payment Date).

Under the terms of the Indenture, a Change of Control is defined as such time as:

(1) any Person or group (within the meaning of Section 13(d) or 14(d) of the Exchange Act, but excluding any Wholly Owned Subsidiary of the Company) has become, directly or indirectly, the beneficial owner, by way of merger, consolidation or otherwise, of 30% or more of the voting power of the Voting Stock of the Company on a fully-diluted basis, after giving effect to the conversion and exercise of all outstanding warrants, options and other securities of the Company convertible into or exercisable for Voting Stock of the Company (whether or not such securities are then currently convertible or exercisable);

(2) the sale, lease or transfer of all or substantially all of the consolidated assets of the Company to any Person or group (other than a Wholly Owned Subsidiary of the Company);

(3) during any period of two consecutive calendar years, individuals who at the beginning of such period constituted the Board of Directors of the Company, together with any new members of such Board of Directors whose election by such Board of Directors or whose nomination for

election by the stockholders of the Company was approved by a vote of a majority of the members of such Board of Directors then still in office who either were directors at the beginning of such period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority of the directors of the Company then in office; or

Table of Contents

(4) the Company consolidates with or merges with or into another Person or any Person consolidates with, or merges with or into, the Company (in each case, whether or not in compliance with the terms of this Indenture), in any such event pursuant to a transaction in which immediately after the consummation thereof Persons owning a majority of the Voting Stock of the Company immediately prior to such consummation shall cease to own a majority of the Voting Stock of the Company or the surviving entity if other than the Company.

Within 30 days after the date of any Change of Control, we, or the Trustee at our request and expense, will mail a notice to each Holder describing the transaction or transactions that constitute the Change of Control and offering to repurchase Notes at the Change of Control Purchase Price and pursuant to the procedures required by the Indenture and described in such notice. The Change of Control Payment Date shall be a business day not less than 30 days nor more than 60 days after such notice is mailed.

On the Change of Control Payment Date, we will:

(1) accept for payment all Notes or portions thereof properly tendered pursuant to the Change of Control Offer;

(2) deposit with the paying agent an amount equal to the Change of Control Purchase Price in respect of all Notes or portions thereof so tendered; and

(3) deliver or cause to be delivered to the Trustee the Notes so tendered together with an officers certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Company.

The paying agent will promptly mail to each Holder of Notes so tendered the Change of Control Purchase Price for such Notes, and the Trustee will promptly authenticate and deliver to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; *provided that* each such new Note will be in a principal amount of $1,000 or an integral multiple thereof. We will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders of the Notes to require that we repurchase or redeem the Notes in the event of a takeover, recapitalization or similar restructuring. Although the existence of a Holder s right to require us to repurchase the Notes in respect of a Change of Control may deter a third party from acquiring us in a transaction that constitutes a Change of Control, the provisions of the Indenture relating to a Change of Control in and of themselves may not afford Holders of the Notes protection in the event of a highly leveraged transaction, reorganization, recapitalization, restructuring, merger or similar transaction involving the Company that may adversely affect Holders, if such transaction is not the type of transaction included within the definition of a Change of Control.

The Credit Facility provides that a Change of Control would constitute a default thereunder. Any future credit agreements or other agreements that would replace the Credit Facility may contain similar restrictions and provisions.

Certain Covenants

Set forth below are certain covenants contained in the Indenture.

During any period of time that:

(1) the Notes have an Investment Grade Rating, and

Table of Contents

(2) no Default or Event of Default has occurred and is continuing under the Indenture with respect to the Notes, the Company and our Subsidiaries will not be subject to the provisions of the Indenture with respect to the Notes described below under Limitation on Asset Sales, Limitation on Restricted Payments, Incurrence of Indebtedness and Issuance of Preferred Stock, Dividend and Other Payment Restrictions Affecting Subsidiaries and clause (iii) of Merger, Consolidation or Sale of Assets (collectively, the Suspended Covenants).

In the event that we and our Subsidiaries are not subject to the Suspended Covenants with respect to the Notes for any period of time as a result of the preceding paragraph and, subsequently, either S&P or Moody s withdraws its rating or assigns the Notes a rating below an Investment Grade Rating, we and our Subsidiaries will thereafter again be subject to the Suspended Covenants, and compliance with the Suspended Covenant with respect to Restricted Payments made after the time of such withdrawal or assignment will be calculated in accordance with the terms of the covenant described below under Limitation on Restricted Payments as if such covenant had been in effect during the entire period of time from the Issue Date with respect to the Notes. Because the Notes will not have an Investment Grade Rating, we will be subject to the Suspended Covenants beginning on the Issue Date.

Limitation on Asset Sales

We will not, and will not permit any of our Subsidiaries to, directly or indirectly, make an Asset Sale (except an Exempt Asset Sale, as defined below) unless:

(1) we (or such Subsidiary of ours) receive consideration at the time of such Asset Sale at least equal to the fair market value of the assets sold or otherwise disposed of, and in the case of a lease of assets, a lease providing for rent and other conditions which are no less favorable to the Company (or such Subsidiary) in any material respect than the then prevailing market conditions, evidenced in each case by a resolution of the Board of Directors of such entity set forth in an officers certificate delivered to the Trustee, and

(2) at least 75% (100% in the case of lease payments) of the consideration therefor received by the Company or such Subsidiary is in the form of cash or Cash Equivalents.

An Exempt Asset Sale means an Asset Sale on or after the date of the Indenture (i) the Net Proceeds of which plus the Net Proceeds of all other Asset Sales concurrently or previously made on or after the date of the Indenture do not exceed $25.0 million and (ii) the Net Proceeds of which plus the Net Proceeds of all other Asset Sales concurrently or previously made in the same fiscal year do not exceed $10.0 million.

We may apply, and may permit our Subsidiaries to apply, Net Proceeds of an Asset Sale (other than an Exempt Asset Sale), at our option, within 270 days after the consummation of such an Asset Sale:

(1) to permanently reduce any of our outstanding Indebtedness (and to correspondingly reduce the commitments, if any) that ranks equal in right of payment with the Notes or, in the case of Net Proceeds of an Asset Sale by any Subsidiary, to permanently reduce (i) any of our outstanding Indebtedness (and to correspondingly reduce the commitments, if any) that ranks equal in right of payment with the Notes or (ii) any outstanding Indebtedness (which in the case of Note Guarantors ranks equal in right of payment to the relevant Note Guarantees) of such Subsidiary (and to correspondingly reduce the commitments, if any, with respect thereto);

(2) to acquire another business or other long-term assets, in each case, in, or used or useful in, the same or a similar line of business as us or any of our Subsidiaries was engaged in on the date of the Indenture and which has not been discontinued on or prior to the date of such acquisition or any reasonable extensions or expansions thereof (including the Capital Stock of another Person engaged in such business, *provided that* such other Person is, or immediately after giving effect to any such acquisition shall become, a Wholly Owned Subsidiary of the Company or the Investment in such Person otherwise constitutes an Investment in a Joint Venture permitted by the provisions described below in the next to the last paragraph under the caption Limitation on Restricted Payments); or

Table of Contents

(3) to reimburse us or our Subsidiaries for expenditures made, and costs incurred, to repair, rebuild, replace or restore property subject to loss, damage or taking to the extent that the Net Proceeds consist of insurance proceeds received on account of such loss, damage or taking.

Pending the final application of any such Net Proceeds, we may (1) use such Net Proceeds to reduce temporarily any of our outstanding Indebtedness that ranks equal in right of payment with the Notes or, in the case of Net Proceeds of an Asset Sale by any Subsidiary of ours, to reduce temporarily (a) any of our outstanding Indebtedness that ranks equal in right of payment with the Notes or (b) any outstanding Indebtedness of such Subsidiary or (2) otherwise invest such Net Proceeds temporarily in Cash Equivalents.

Any Net Proceeds from Asset Sales (other than Exempt Asset Sales) that are not applied as provided in the preceding paragraph within 270 days after the consummation of such an Asset Sale will be deemed to constitute Excess Proceeds. When the aggregate amount of Excess Proceeds exceeds $10.0 million, we will be required to make an offer to all Holders of Notes and 2011 Senior Notes then outstanding (an Asset Sale Offer) to purchase, on a pro rata basis, the principal amount of Notes and 2011 Senior Notes equal in amount to the Excess Proceeds (and not just the amount thereof that exceeds $10.0 million), at a purchase price in cash in an amount equal to 100% of the principal amount thereof plus accrued and unpaid interest thereon to the date of purchase, in accordance with the procedures set forth in the applicable indenture. If the aggregate principal amount of Notes and 2011 Senior Notes surrendered by Holders thereof exceeds the amount of Excess Proceeds, the Trustee shall first select 2011 Senior Notes to be purchased and, if any Excess Proceeds remain, shall then select Notes to be purchased, in each case, on a pro rata basis. If the aggregate principal amount of Notes and 2011 Senior Notes tendered pursuant to such Asset Sale Offer is less than the Excess Proceeds, the Company may use any remaining Excess Proceeds following the completion of the Asset Sale Offer for general corporate purposes (subject to the other provisions of the Indenture), and the amount of Excess Proceeds then required to be otherwise applied in accordance with this covenant shall be reset to zero, subject to any subsequent Asset Sale. These provisions will not apply to a transaction consummated in compliance with the provisions of the Indenture described below under the caption Merger, Consolidation or Sale of Assets.

In the event of the transfer of substantially all (but not all) of our property and assets and our Subsidiaries as an entirety to a Person in a transaction permitted under the caption Merger, Consolidation or Sale of Assets below, the successor corporation shall be deemed to have sold our properties and assets and those of our Subsidiaries not so transferred for purposes of this covenant, and shall comply with the provisions of this covenant with respect to such deemed sale as if it were an Asset Sale. In addition, the fair market value of such properties and assets of the Company or our Subsidiaries deemed to be sold shall be deemed to be Net Proceeds for purposes of this covenant.

If at any time any non-cash consideration received by us or any Subsidiary of ours in connection with any Asset Sale is converted into or sold or otherwise disposed of for cash, then such conversion or disposition shall be deemed to constitute an Asset Sale hereunder and the Net Proceeds thereof shall be applied in accordance with this covenant.

We will comply with the requirements of Section 14(e) of, and Rule 14e-1 under, the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of Notes as a result of a Change of Control or an Asset Sale.

We may use Net Proceeds from Exempt Asset Sales for general corporate purposes (subject to the other provisions of the Indenture).

Table of Contents

Ownership of and Liens on Capital Stock of Subsidiaries

We (1) will not permit any Person (other than the Company or any Wholly Owned Subsidiary of the Company) to own any Capital Stock of any Subsidiary of ours or any Lien thereon;

(2) will not, and will not permit any Subsidiary of ours to, transfer, convey, sell or otherwise dispose of any shares of Capital Stock of such Subsidiary or any other Subsidiary (except to us or to a Wholly Owned Subsidiary of ours); and

(3) will not permit any Subsidiary of ours to issue Capital Stock or securities convertible into, or warrants, rights or options to subscribe for or purchase shares of, its Capital Stock to any Person (except to us or to a Wholly Owned Subsidiary of the Company) or create, incur, assume or suffer to exist any Lien thereon, in each case except:

(a) directors qualifying shares;

(b) shares of Capital Stock issued prior to the time such Person became a Subsidiary of ours, *provided that* such Capital Stock was not issued in anticipation of such transaction;

(c) if such Subsidiary merges with any other of our Subsidiaries;

(d) if such Subsidiary ceases to be a Subsidiary of ours as a result of the sale of all of the issued and outstanding shares of Capital Stock of such Subsidiary owned by us or any Subsidiary of ours;

(e) for purposes of clause (i) above, shares of Capital Stock of our Subsidiaries that are not Wholly Owned Subsidiaries of ours on the date of the Indenture, which shares are not owned by us or any Wholly Owned Subsidiary of ours, as set forth in Schedule A to the Indenture; and

(f) for purposes of clauses (i) and (iii) above, Liens on Capital Stock of any Subsidiary of ours granted in accordance with the provisions of the Indenture described below in the first sentence under the caption Liens.

Limitation on Restricted Payments

We will not, and will not permit any of our Subsidiaries to, directly or indirectly, take any of the following actions:

(1) declare or pay any dividend or make any distribution of any kind or character (whether in cash, securities or other property) on account of any class of ours or any of our Subsidiaries Equity Interests or to the holders thereof (including, without limitation, any payment to our stockholders in connection with a merger or consolidation involving us), other than (a) dividends or distributions payable solely in our Equity Interests (other than Disqualified Stock) or (b) dividends or distributions payable solely to us or any Wholly Owned Subsidiary of ours and, if such Subsidiary is not a Wholly Owned Subsidiary of ours, payable simultaneously to its minority shareholders on a pro rata basis;

(2) purchase, repurchase, redeem or otherwise acquire or retire for value any Equity Interests of ours or any Subsidiary or other Affiliate of ours (other than any such Equity Interests owned by us or any Wholly Owned Subsidiary of ours);

(3) make any principal payment on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value any Indebtedness of the Company or any Note Guarantor that is subordinated to the Notes or the relevant Note Guarantees prior to any scheduled repayment date, sinking fund payment date or final maturity date, except the purchase, redemption or acquisition by us of Indebtedness of the Company or any Note Guarantor through the issuance in exchange therefor of our Equity Interests (other than Disqualified Stock); or

Table of Contents

(4) make any Investment (other than Permitted Investments) (all such payments and other actions set forth in clauses (1) through (4) being collectively referred to as Restricted Payments),

unless, at the time of and after giving effect to such Restricted Payment:

(a) no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof;

(b) at the time of such Restricted Payment and after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, we would have been permitted to incur at least $1.00 of additional Indebtedness pursuant to the Consolidated Interest Coverage Ratio test set forth in the first paragraph of the covenant described below under the caption Incurrence of Indebtedness and Issuance of Preferred Stock; and

(c) such Restricted Payment, together with the aggregate amount of all other Restricted Payments declared or made by us and our Subsidiaries on or after April 1, 1996 (excluding Restricted Payments permitted by clauses (ii), (iii), and (iv) of the next paragraph and excluding Restricted Payments permitted by the next to the last paragraph under this caption), is less than the sum of

(i) $20.0 million, plus

(ii) 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) from the beginning of the fiscal quarter commencing April 1, 1996 to the end of our most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit), plus

(iii) 100% of the aggregate net cash proceeds received by us from the issue or sale after May 29, 1996 of Equity Interests of the Company or of debt securities of the Company that have been converted into such Equity Interests (other than Equity Interests (or convertible debt securities) sold to a Subsidiary of ours and other than Disqualified Stock or debt securities that have been converted into Disqualified Stock).

The foregoing clauses (b) and (c), however, will not prohibit:

(1) the payment of any dividend on any class of Capital Stock of the Company or any Subsidiary of ours, within 60 days after the date of declaration thereof, if on the date when such dividend was declared such payment would have complied with the provisions of the Indenture;

(2) the making of any Investment in exchange for, or out of the proceeds of, the substantially concurrent sale (other than by a subsidiary of the Company) of other Equity Interests of the Company (other than any Disqualified Stock), *provided that* any net cash proceeds that are used for any such Investment, and any Net Income resulting therefrom, shall be excluded from clause (c) of the preceding paragraph;

(3) the redemption, repurchase or other acquisition or retirement of any Equity Interest in the Company in exchange for, or out of the proceeds of, the substantially concurrent sale (other than a subsidiary of the Company) of other Equity Interests of the Company (other than any Disqualified Stock); *provided that* any net cash proceeds that are used for such redemption, repurchase retirement or other acquisition, and any Net Income resulting therefrom, shall be excluded from clause (c) of the preceding paragraph; or

(4) the defeasance, redemption or repurchase of Indebtedness that is subordinated to the Notes or any Note Guarantees, as the case may be, with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness; *provided that* any net cash proceeds that are used for any such defeasance, redemption or repurchase shall be excluded from clause (c) of the preceding paragraph.

Table of Contents

The foregoing clause (c), however, will not prohibit us or any of our Subsidiaries from making any Investment in Joint Ventures in the tobacco business on or after the date of the Indenture *provided that* the amount of any such Investment, together with the aggregate amount of all other such Investments in Joint Ventures made on or after April 1, 1996, shall not at any time exceed 15% of the Consolidated Tangible Net Worth of the Company as of the last day of the quarterly period most recently ended prior to the date of such Investment for which internal financial statements of the Company are available.

The amount of all Restricted Payments (other than cash) shall be the fair market value (evidenced by a resolution of the Board of Directors set forth in an officers certificate delivered to the Trustee) on the date of the Restricted Payment of the asset(s) proposed to be transferred by us or such Subsidiary, as the case may be, pursuant to the Restricted Payment. Not later than the date of making any Restricted Payment, we will deliver to the Trustee an officers certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by the covenant described under this caption were computed, which calculations may be based upon the Company s latest available financial statements.

Incurrence of Indebtedness and Issuance of Preferred Stock

We will not, and will not permit any of our Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, incur) any Indebtedness (including Acquired Indebtedness) and we will not issue any Disqualified Stock and will not permit any of our Subsidiaries to issue any shares of preferred stock; *provided, however,* that the Company and any Note Guarantor may incur Indebtedness (including Acquired Indebtedness) and the Company may issue shares of Disqualified Stock if:

(1) the Consolidated Interest Coverage Ratio for the Company s most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock is issued would have been at least 2.75 to 1.0, determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred, or the Disqualified Stock had been issued, as the case may be, at the beginning of such four-quarter period; and

(2) no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof; *provided that* no guarantee may be incurred pursuant to this paragraph, unless the guaranteed Indebtedness is incurred by us pursuant to this paragraph.

The foregoing provisions will not apply to:

(1) the incurrence (a) by us of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund, any outstanding Indebtedness incurred pursuant to the first paragraph of this covenant, 2011 Senior Notes, Debentures or Notes permitted under clause (ii) below, or (b) by Note Guarantors of Guarantees of Permitted Refinancing Indebtedness incurred by us pursuant to this clause (i) except in respect of the Debentures;

(2) the incurrence (a) by us of Indebtedness represented by the Notes issued on the Issue Date and New Notes issued therefor, or (b) by Note Guarantors of any Note Guarantees in respect thereof or of any Note Guarantees in respect of Add On Notes incurred in accordance with the Indenture;

(3) the incurrence by us of Indebtedness under the Credit Facility in an aggregate principal amount at any time outstanding (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of the Company and our Subsidiaries thereunder) not to exceed $175 million, less the aggregate amount of all Net Proceeds of Asset Sales applied to permanently reduce the outstanding amount of such Indebtedness (and to correspondingly reduce the commitments,

Table of Contents

if any, with respect thereto) pursuant to the covenant described above under the caption Limitation on Asset Sales, it being understood that any amounts outstanding under the Credit Facility on the Issue Date are deemed to be incurred under this clause (iii);

(4) the incurrence by us or any of our Subsidiaries of Indebtedness in an aggregate principal amount at any time outstanding not to exceed the sum of (a) 50% of Eligible Inventory, plus (b) 75% of Eligible Receivables; *provided that* (I) the aggregate principal amount of any such Indebtedness incurred by our Subsidiaries at any time outstanding shall not exceed the greater of (X) the aggregate principal amount of Advances on Purchases of Tobacco outstanding at such time and (Y) the sum of (A) 50% of Eligible Inventory of all such Subsidiaries, plus (B) 75% of Eligible Receivables of all such Subsidiaries, (II) no more than $50.0 million of such Indebtedness may be secured by Liens on assets or property of our Subsidiaries and (III) none of such Indebtedness may be secured by Liens on assets or properties of the Company;

(5) the incurrence by us or any of our Subsidiaries of Indebtedness used to fund Advances on Purchases of Tobacco, but only to the extent that the aggregate principal amount of such advances outstanding at any time, including advances outstanding on the Issue Date, to any Person and such Person s Affiliates does not exceed 15% of the Consolidated Tangible Net Worth of the Company for the most recently ended fiscal quarter for which internal financial statements are available;

(6) the incurrence by us or any of our Subsidiaries of Indebtedness represented by Purchase Money Obligations or Capital Lease Obligations, in each case incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property used in the business of the Company or such Subsidiary, or any Permitted Refinancing Indebtedness thereof; *provided that* (a) the aggregate principal amount of any such Indebtedness does not exceed 100% of the purchase price or cost of the property to which such Indebtedness relates, (b) the Indebtedness is incurred within 180 days (or 360 days, in the case of such Indebtedness incurred to finance property used in the business of any of our Subsidiaries that is not organized under the laws of the United States of America, any state thereof or the District of Columbia) of the acquisition, construction or improvement of such property and (c) the aggregate principal amount of such Indebtedness outstanding, together with the aggregate principal amount of Attributable Indebtedness with respect to Sale and Leaseback Transactions permitted under clause (vii) below, at any time shall not exceed $15.0 million;

(7) Attributable Indebtedness with respect to Sale and Leaseback Transactions permitted under the caption below Limitation on Sale and Leaseback Transactions; *provided that* the aggregate principal amount of such Indebtedness outstanding, together with the aggregate principal amount of Indebtedness permitted under clause (6) above, at any time shall not exceed $15.0 million;

(8) (a) the incurrence by us or any of our Wholly Owned Subsidiaries of intercompany Indebtedness owing to the Company or any of our Subsidiaries, (b) the incurrence by any Subsidiary of ours that is not a Wholly Owned Subsidiary of Indebtedness owing to the Company or any of our Wholly Owned Subsidiaries, or (c) the incurrence by us or any of our Subsidiaries of Indebtedness in an aggregate principal amount outstanding at any time not to exceed $5.0 million for the purpose of making advances to Subsidiaries that are not Wholly Owned Subsidiaries of the Company or to Joint Ventures in which the Company or any of our Subsidiaries owns an interest; *provided that* Indebtedness may be incurred pursuant to clauses (b) and (c) only if and to the extent that the Investment constituting such Indebtedness shall be permitted above under the caption Limitation on Restricted Payments; and *provided further* that, for purposes of clauses (a) and (b), (I) in the case of Indebtedness of the Company, such obligations and any trade payables owed by the Company to any of our Subsidiaries shall be unsecured and subordinated in case of an Event of Default in all respects to the Company s obligations pursuant to the Notes; and (II)(X) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Company or a Wholly Owned Subsidiary of the Company and (Y) any sale or other transfer of any such Indebtedness to a Person that is not either the Company or a Wholly Owned Subsidiary of the Company shall be deemed, in each case, to constitute an incurrence of such Indebtedness by the Company or such Subsidiary, as the case may be, to which this clause (8) no longer applies;

Table of Contents

(9) the incurrence by us or any of our Subsidiaries of Hedging Obligations;

(10) the incurrence by us or any of our Subsidiaries of Indebtedness with respect to letters of credit issued to customers to secure an obligation to deliver tobacco for which the customer has prepaid the purchase price in cash, but only to the extent of the amount of such cash prepayment; and

(11) the incurrence by us or any of our Subsidiaries of Indebtedness (in addition to Indebtedness permitted by any other clause of this paragraph) in an aggregate principal amount at any time outstanding not to exceed $15.0 million.

The Company shall not, and shall not permit any Note Guarantor to, directly or indirectly in any event incur any Indebtedness that by its terms (or by the terms of any agreement governing such Indebtedness) is subordinated to any other Indebtedness of the Company, unless such Indebtedness is also by its terms (or by the terms of any agreement governing such Indebtedness) made expressly subordinate in right of payment to the Notes or the relevant Note Guarantee to the same extent and in the same manner as such Indebtedness is subordinated pursuant to subordination provisions that are most favorable to the holders of any other Indebtedness of the Company or the relevant Note Guarantor.

Liens

The Company shall not, and shall not permit any Note Guarantor to, directly or indirectly, create, incur, assume or suffer to exist any Lien on any of our assets, now owned or hereafter acquired, securing any Indebtedness unless the Notes, in the case of the Company, or the Note Guarantees, in the case of the Note Guarantors, are secured equally and ratably with such other Indebtedness; *provided that*, if such Indebtedness is by its terms subordinate to the Notes or the relevant Note Guarantees, the Lien securing such subordinate or junior Indebtedness shall be subordinate and junior to the Lien securing the Notes or the relevant Note Guarantees with the same relative priority as such subordinated or junior Indebtedness shall have with respect to the Notes or the relevant Note Guarantees. The foregoing restrictions shall not apply to the following Liens:

(1) Liens securing only Existing Indebtedness, in an aggregate principal amount not greater than $3.2 million;

(2) Liens securing only the Notes or Note Guarantees;

(3) Liens in favor of the Company;

(4) Liens to secure Indebtedness incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of the property subject to such Liens and permitted by the provisions of the Indenture described above under clause (vi) of the second sentence under the caption Incurrence of Indebtedness and Issuance of Preferred Stock; *provided that* such Lien does not extend to or cover any property other than such item of property and any improvements on such item;

(5) Liens on property existing immediately prior to the time of acquisition thereof (and not created in anticipation or contemplation of such acquisition or the financing of such acquisition) and securing Acquired Indebtedness; *provided that* such Lien does not extend to or cover any property other than such item of property and any improvements on such item;

(6) Liens on property of a Person existing at the time such Person is merged with or into or consolidated with the Company or any Note Guarantor (and not created in anticipation or contemplation thereof) and securing Acquired Indebtedness; *provided that* such Lien does not extend to or cover any property other than such item of property and any improvements on such item;

Table of Contents

(7) Liens securing Attributable Indebtedness of the Company incurred with respect to Sale and Leaseback Transactions; *provided that* such Lien does not extend to or cover any property other than the property sold and leased back pursuant to such Sale and Leaseback Transaction; and

(8) Liens to secure Permitted Refinancing Indebtedness of any Indebtedness secured by Liens referred to in the foregoing clause (1), (4), (5) or (6) so long as such Lien does not extend to any other property.

Dividend and Other Payment Restrictions Affecting Subsidiaries

We will not, and will not permit any of our Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on the ability of any of our Subsidiaries to

(1) (a) pay dividends or make any other distributions to the Company or any of our Subsidiaries on its Capital Stock or with respect to any other interest or participation in, or measured by, its profits, or (b) pay any Indebtedness or other obligation owed to the Company or any of our Subsidiaries;

(2) make loans or advances to the Company or any of our Subsidiaries;

(3) sell, lease or transfer any of its properties or assets to the Company or any of our Subsidiaries; or

(4) guarantee the obligations of the Company evidenced by the Notes or any renewals, refinancings, exchanges, refundings or extensions thereof, except for such encumbrances or restrictions existing under or by reason of (a) the Indenture and the Notes, (b) applicable law, (c) any instrument governing Acquired Indebtedness or Capital Stock of a Person acquired by the Company or any of our Subsidiaries as in effect at the time of such acquisition (except to the extent such Acquired Indebtedness was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired, *provided that* the Consolidated Net Income of such Person is not taken into account in determining whether such acquisition was permitted by the terms of the Indenture, (d) any document or instrument governing Indebtedness incurred pursuant to clause (vi) or (vii) of the second paragraph under the caption Incurrence of Indebtedness and Issuance of Preferred Stock above, *provided that* any such restriction contained therein relates only to the asset or assets constructed or acquired in connection therewith, or (e) Permitted Refinancing Indebtedness of Indebtedness described in clause (c) hereof, *provided that* the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are no more restrictive than those contained in the agreements governing the Indebtedness being refinanced.

Merger, Consolidation or Sale of Assets

We will not, and will not permit any of our Subsidiaries to, in a single transaction or series of related transactions, consolidate or merge with or into (other than the consolidation or merger of a Wholly Owned Subsidiary of the Company with another Wholly Owned Subsidiary of the Company or into the Company), whether or not the Company or such Subsidiary is the surviving corporation, or directly and/or indirectly

through our Subsidiaries sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of the Company and our Subsidiaries (determined on a consolidated basis for the Company and our Subsidiaries taken as a whole) in one or more related transactions to, another corporation, Person or entity unless

Table of Contents

(1) either (a) the Company, in the case of a transaction involving the Company, or such Subsidiary, in the case of a transaction involving a Subsidiary of ours, is the surviving corporation or (b) in the case of a transaction involving the Company, the entity or the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made is a corporation organized or existing under the laws of the United States of America, any state thereof or the District of Columbia or Bermuda and expressly assumes all the obligations of the Company under the Notes and the Indenture pursuant to a supplemental indenture in a form reasonably satisfactory to the Trustee;

(2) immediately prior to and after such transaction no Default or Event of Default exists;

(3) the Company or, if other than the Company, the entity or Person formed by or surviving any such consolidation or merger, or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made (a) will have a Consolidated Net Worth immediately after the transaction equal to or greater than the Consolidated Net Worth of the Company immediately preceding the transaction and (b) will, at the time of such transaction and after giving pro forma effect thereto as if such transaction had occurred at the beginning of the applicable four-quarter period, be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Consolidated Interest Coverage Ratio test set forth in the first paragraph of the covenant described above under the caption Incurrence of Indebtedness and Issuance of Preferred Stock;

(4) if, as a result of any such transaction, property or assets of the Company would become subject to a Lien securing Indebtedness not excepted from the provisions of the Indenture described above under the caption Liens, the Company or the Surviving Entity, as the case may be, shall have secured the Notes as required by such provisions;

(5) each Note Guarantor (including Persons that become Note Guarantors as a result of the transaction) shall have confirmed by supplemental indenture that its Note Guarantee shall apply for the Obligations of the surviving entity in respect of the Indenture and the Notes; and

(6) the Company shall have delivered to the Trustee an officers certificate and, except in the case of a merger of a Subsidiary of ours into the Company or into a Wholly Owned Subsidiary of the Company, an opinion of counsel, each stating that such consolidation, merger, conveyance, lease or disposition and any supplemental indenture with respect thereto, comply with all of the terms of this covenant and that all conditions precedent provided for in this provision relating to such transaction or series of transactions have been complied with.

In the event that the surviving entity under this covenant is organized or existing under Bermuda law, the Company will be required to pay to Holders additional amounts for certain withholding taxes or deductions to the extent applicable to the Notes on the conditions set forth in the Indenture.

For purposes of the foregoing, the transfer (by lease, assignment, sale or otherwise, in a single transaction or series of transactions) of all or substantially all of the properties or assets of one or more Subsidiaries of the Company the Capital Stock of which constitutes all or substantially all of the properties and assets of the Company, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Company.

Each Note Guarantor will not, and the Company will not cause or permit any Note Guarantor to, consolidate with or merge into, or sell or dispose of all or substantially all of its assets to, any Person (other than the Company) that is not a Note Guarantor unless:

(1) such Person (if such Person is the surviving entity) assumes all of the obligations of such Note Guarantor in respect of its Note Guarantee by executing a supplemental indenture and providing the Trustee with an Officers Certificate and Opinion of Counsel, and such transaction is otherwise in compliance with the Indenture;

Table of Contents

(2) such Note Guarantee is to be released as provided under Note Guarantees; or

(3) such sale or other disposition of substantially all of such Note Guarantor s assets is made in accordance with Limitation on Sale of Assets.

Limitation on Sale and Leaseback Transactions

We will not, and will not permit any of our Subsidiaries to, enter into any Sale and Leaseback Transaction unless:

(1) after giving pro forma effect to any such Sale and Leaseback Transaction, we or such Subsidiary, as the case may be, could incur the Attributable Indebtedness relating to such Sale and Leaseback Transaction under the covenants described above under the captions Incurrence of Indebtedness and Issuance of Preferred Stock and Liens;

(2) the gross cash proceeds of such Sale and Leaseback Transaction are at least equal to the fair market value of such property, as determined by the Board of Directors of the Company, such determination to be evidenced by a resolution of the Board of Directors of the Company;

(3) the aggregate rent payable by the Company or such Subsidiary in respect of such Sale and Leaseback Transaction is not in excess of the fair market rental value of the property leased pursuant to such Sale and Leaseback Transaction; and

(4) the Company applies the Net Proceeds of the property sold pursuant to the Sale and Leaseback Transaction as provided above under the caption Limitation on Asset Sales.

Transactions with Affiliates

We will not, and will not permit any of our Subsidiaries to, directly or indirectly, after the date of the Indenture, in any one transaction or a series of related transactions, sell, lease, transfer or otherwise dispose of any of its properties, assets or services to, or make any payment to, or purchase any property, assets or services from, or enter into or make any agreement, loan, advance or guarantee with, or for the benefit of, any Affiliate (each of the foregoing, an Affiliate Transaction), other than Exempt Affiliate Transactions, unless:

(1) such Affiliate Transaction is on terms that are no less favorable to the Company or the relevant Subsidiary than those that would have been obtained in a comparable arm s length transaction by the Company or such Subsidiary with a Person that is not an Affiliate; and

(2) the Company delivers to the Trustee (a) with respect to any Affiliate Transaction entered into after the date of the Indenture involving aggregate consideration in excess of $1.0 million, a resolution of the Board of Directors of the Company set forth in an officers certificate

certifying that such Affiliate Transaction complies with clause (i) above and that such Affiliate Transaction has been approved by a majority of the disinterested members of such Board of Directors and (b) with respect to any Affiliate Transaction involving aggregate consideration in excess of $5.0 million, a written opinion from an independent financial advisor (as defined below) that such Affiliate Transaction is fair to the Company or such Subsidiary, as the case may be, from a financial point of view.

Independent financial advisor means a nationally recognized accounting, appraisal or investment banking firm that is, in the reasonable judgment of the Board of Directors of the Company, qualified to perform the task for which such firm has been engaged and disinterested and independent with respect to the Company.

Table of Contents

Reports

Whether or not required by the rules and regulations of the SEC, so long as any Notes are outstanding, we will furnish to the Holders of Notes and to broker-dealers making a market in the Notes, and file with the Trustee, within 15 days after we are, or would have been, required to be filed such with the SEC:

(1) all quarterly and annual financial information that is or would be required to be contained in a filing with the SEC on Forms 10-Q and 10-K if we are or were required to file such Forms, including a Management s Discussion and Analysis of Financial Condition and Results of Operations and, with respect to the annual information only, a report thereon by our certified independent accountants; and

(2) all current reports that are or would be required to be filed with the SEC on Form 8-K if we are or were required to file such reports.

In addition, whether or not required by the rules and regulations of the SEC, we will file a copy of all such information and reports with the SEC for public availability (unless the SEC will not accept such a filing) and make such information available to securities analysts and prospective investors upon written request.

In addition, at any time when we are not current in our reporting obligations, we will make available, upon request, to any holder and prospective purchaser of Notes the information required pursuant to Rule 144A(d)(4) under the Securities Act.

Events of Default and Remedies

The following are Events of Default:

(1) default for 30 days in the payment when due of interest on the Notes;

(2) default in payment when due of the principal of or premium, if any, on the Notes;

(3) failure by the Company to comply with the provisions described under the captions Note Guarantees, Change of Control, Certain Covenants Limitation on Asset Sales, Certain Covenants Ownership of and Liens on Capital Stock of Subsidiaries, Certain Covenants Limitatio on Restricted Payments, Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock, or Certain Covenants Merger, Consolidation or Sale of Assets;

(4) failure by the Company to comply with any of its other agreements or covenants in the Indenture or in the Notes for 30 days after written notice by the Trustee or Holders of at least 25% of the aggregate principal amount of the Notes outstanding;

(5) default under any mortgage, indenture or instrument (including without limitation, the Credit Facility) under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of our Subsidiaries (or the payment of which is guaranteed by the Company or any of our Subsidiaries) whether such Indebtedness or guarantee now exists, or is created after the date of the Indenture, which default:

(a) is caused by a failure to pay principal of such Indebtedness at final maturity thereof (a Payment Default); or

(b) results in the acceleration of such Indebtedness prior to its express maturity and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness as to which there has been a Payment Default or the maturity of which has been so accelerated, exceeds in the aggregate $5.0 million;

Table of Contents

(6) the rendering of a final judgment or judgments or an order or orders against the Company or any of our Subsidiaries for the payment of money not fully covered by insurance in an amount in excess of $10.0 million in the aggregate and either:

(a) a creditor commences an enforcement proceeding upon any such judgment or order; or

(b) any such judgment or order remains undischarged or unstayed for a period of 45 days after the date on which the right to appeal has expired;

(7) certain events of bankruptcy, insolvency or reorganization with respect to the Company, any Material Domestic Subsidiary or any Material Foreign Subsidiary or the approval by stockholders of the Company of any plan or proposal for the liquidation or dissolution of the Company; or

(8) except as permitted by the Indenture, any Note Guarantee is held to be unenforceable or invalid in a judicial proceeding or ceases for any reason to be in full force and effect or any Note Guarantor, or any Person acting on behalf of any Note Guarantor, denies or disaffirms such Note Guarantor s obligations under its Note Guarantee.

If any Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in aggregate principal amount of all of the then Outstanding Notes may declare by written notice to the Company all the Notes to be due and payable immediately. After such acceleration, but before a judgment or decree based on acceleration, the Holders of a majority in aggregate principal amount of Outstanding Notes may, under certain circumstances, rescind and annul such acceleration if all Events of Default, other than the non-payment of principal, interest or premium that have become due solely because of such acceleration, have been cured or waived as provided in the Indenture. Notwithstanding the foregoing, in the case of an Event of Default arising from certain events of bankruptcy or insolvency with respect to the Company or any Material Domestic Subsidiary or Material Foreign Subsidiary, all Outstanding Notes will become due and payable without any declaration or other act by the Trustee or any Holder. Holders of the Notes may not enforce the Indenture or the Notes except as provided in the Indenture. Subject to certain limitations, Holders of a majority in principal amount of the then Outstanding Notes may direct the Trustee in its exercise of any trust or power. The Indenture provides that if a Default occurs and is continuing, generally the Trustee must, within 90 days after the occurrence of such Default, give to the Holders thereof notice of such Default. The Trustee may withhold from the Holders notice of any continuing Default or Event of Default (except a Default or Event of Default relating to the payment of principal, premium, if any, or interest) if it determines that withholding notice is in their interest.

The Holders of a majority in aggregate principal amount of the Notes then outstanding by notice to the Trustee may on behalf of the Holders of all of the Notes waive any existing Default or Event of Default and its consequences under the Indenture except a continuing Default or Event of Default in the payment of interest or premium (if any) on, or the principal of, any Note, except a payment default resulting from an acceleration that has been rescinded, or in respect of a provision that cannot be amended or waived without the consent of the Holder of each outstanding Note. See the discussion below under the caption Amendment, Supplement and Waiver.

No Holder of any Note will have any right to institute any proceeding with respect to the Indenture or for any remedy thereunder, unless such Holder shall have previously given to the Trustee written notice of a continuing Event of Default and unless the Holders of at least 25% in aggregate principal amount of the Outstanding Notes shall have made written request, and offered reasonable indemnity, to the Trustee to institute such proceeding as Trustee, and the Trustee shall not have received from the Holders of a majority in aggregate principal amount of the Outstanding Notes a direction inconsistent with such request and shall have failed to institute such proceeding within 30 days. However, such restrictions do not apply to a suit instituted by a Holder of a Note for enforcement of payment of the interest and premium (if any) on, or principal of, such Note on or after the respective due dates expressed in such Note.

48

Table of Contents

The Company is required to deliver to the Trustee annually a statement regarding compliance with the Indenture, and the Company is required upon becoming aware of any Default or Event of Default, to deliver to the Trustee a statement specifying such Default or Event of Default.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator or stockholder of the Company, as such, shall have any liability for any obligations of the Company under the Notes or the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the SEC that such waiver is against public policy.

Legal Defeasance and Covenant Defeasance

We may, at our option and at any time, elect to have all of the obligations of the Company discharged with respect to the Outstanding Notes (Legal Defeasance) except for:

(1) the rights of Holders of Outstanding Notes to receive payments in respect of interest or premium (if any) on, or principal of, such Notes when such payments are due from the trust referred to below;

(2) our obligations with respect to the Notes concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment;

(3) the rights, powers, trusts, duties and immunities of the Trustee, and our obligations in connection therewith; and

(4) the Legal Defeasance provisions of the Indenture.

In addition, we may, at our option and at any time, elect to have our obligations released with respect to certain covenants that are described in the Indenture, some of which are described above (Covenant Defeasance), and thereafter any omission to comply with such obligations shall not constitute a Default or Event of Default with respect to the Notes. In the event Covenant Defeasance occurs, certain events (not including nonpayment, bankruptcy, receivership, rehabilitation and insolvency events) described under Events of Default and Remedies will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance,

(1) we must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders of the Notes, cash in U.S. dollars, noncallable U.S. Government Obligations, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the interest or premium (if any) on, or principal of, the Outstanding Notes on the stated maturity or on the applicable redemption date, as the case may be, and we must specify whether the Notes are being defeased to maturity or to a particular redemption date;

(2) in the case of Legal Defeasance, we shall have delivered to the Trustee an opinion of counsel acceptable to the Trustee confirming that:

(a) we have received from, or there has been published by, the Internal Revenue Service a ruling; or

(b) since the date of the Indenture, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such opinion of counsel shall confirm

Table of Contents

that, the Holders of the Outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, we shall have delivered to the Trustee an opinion of counsel acceptable to the Trustee confirming that the Holders of the Outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Event of Default shall have occurred and be continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) or insofar as Events of Default from bankruptcy or insolvency events are concerned, at any time in the period ending on the 91st day after the date of deposit;

(5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument to which we or any of our Subsidiaries is a party or by which we or any of our Subsidiaries is bound;

(6) we must deliver to the Trustee an officers certificate stating that the deposit was not made by the Company with the intent of preferring the Holders of Notes over other creditors of the Company or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Company or others;

(7) such Legal Defeasance or Covenant Defeasance shall not result in the trust arising from such deposit constituting an investment company within the meaning of the Investment Company Act of 1940, as amended, unless such trust shall be registered under such Act or exempt from registration thereunder; and

(8) we must deliver to the Trustee an officers certificate and an opinion of counsel, each stating that all conditions precedent to Legal Defeasance or Covenant Defeasance, as the case may be, have been complied with.

Transfer and Exchange

A Holder may transfer or New Notes in accordance with the Indenture. The Trustee will act as paying agent and registrar for the Notes. We, the registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents, and we may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. We are not required to transfer or exchange any Note selected for redemption. Also, we are not required to transfer or exchange any Note for a period of 15 days before a selection of Notes to be redeemed.

The registered Holder of a Note will be treated as the owner of it for all purposes.

Amendment, Supplement and Waiver

Except as provided in the next two succeeding paragraphs, the Indenture or the Notes may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a tender offer or exchange offer for the Notes), and any existing Default or compliance with any provision of the Indenture or the Notes may be waived with the consent of the Holders of a majority in principal amount of the Notes then outstanding, including consents obtained in connection with a tender offer or exchange offer for the Notes.

Table of Contents

Without the consent of each Holder, an amendment or waiver may not:

(1) reduce the principal amount of Notes whose Holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or premium on or change the fixed maturity of any Note or alter the provisions with respect to the redemption of the Notes (other than provisions relating to the covenants described above under the caption Change of Control and Certain Covenants Limitation on Asset Sales);

(3) reduce the rate of or change the time for payment of interest on any Note;

(4) waive a Default or Event of Default in the payment of interest or premium (if any) on, or principal of, any Note (except a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of the Notes and a waiver of the payment default that resulted from such acceleration);

(5) make any Note payable in money other than that stated in the Notes;

(6) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of Holders of Notes to receive payments of interest or premium (if any) on, or principal of, the Notes;

(7) waive a redemption payment with respect to any Note (other than a payment required by one of the covenants described above under the captions Change of Control and Certain Covenants Limitation on Asset Sales);

(8) modify the ranking or priority of the Notes;

(9) release the Company from any of our obligations under the Indenture other than in accordance with the terms of the Indenture;

(10) eliminate or modify in any manner a Note Guarantor s obligations with respect to its Note Guarantee which adversely affects Holders in any material respect, except as contemplated in the Indenture;

(11) make any change in the foregoing amendment and waiver provisions; or

(12) amend, change or modify in any material respect any of our obligations to make and consummate a Change of Control Offer in respect of a Change of Control that has occurred or make and consummate an Asset Sale Offer with respect to any Asset Sale that has been consummated.

Notwithstanding the foregoing, without the consent of any Holder of Notes, we, the Note Guarantors and the Trustee may amend or supplement the Indenture or the Notes to cure any ambiguity, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of Certificated Notes, to provide for the assumption of our obligations to Holders of Notes in the case of a merger or consolidation, to add Note Guarantees, to issue Add On Notes, and to make any change that would provide any additional rights or benefits to the Holders of Notes or that does not adversely affect the interests of the Holders in any material respect, or to comply with requirements of the SEC in order to effect or maintain the qualification of the Indenture under the Trust Indenture Act.

Payments for Consent

Neither we nor any of our Subsidiaries shall, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder of any Notes for or as an inducement to any consent, waiver or amendment of any terms or provisions of the Notes, unless such consideration is offered to be paid or agreed to be paid to all Holders of the Notes which so consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

Table of Contents

Concerning the Trustee

The Indenture and provisions of the Trust Indenture Act incorporated by reference therein contain certain limitations on the rights of the Trustee, should it become our creditor, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest it must eliminate such conflict within 90 days, apply to the SEC for permission to continue or resign.

The Holders of a majority in principal amount of the then Outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture provides that in case an Event of Default shall occur (which shall not be cured), the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent man in the conduct of his own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any Holder of Notes, unless such Holder shall have offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

Additional Information

Anyone who receives this Prospectus may obtain a copy of the Indenture without charge by writing to DIMON Incorporated, 512 Bridge Street, Danville, Virginia 24541, Attention: Secretary.

Governing Law

The Indenture and the Notes will be governed by the law of the State of New York.

Certain Definitions

Set forth below are certain defined terms used in the Indenture.

2006 Senior Notes means the $125 million aggregate principal amount of 8 7/8% Senior Notes due 2006 issued by the Company on May 29, 1996.

2011 Senior Notes means the $200 million aggregate principal amount of 9 5/8% Senior Notes due 2011 issued by the Company on October 30, 2001.

Acquired Indebtedness means, with respect to any specified Person,

(1) any Indebtedness or Disqualified Stock of any other Person existing at the time such other Person is merged with or into or becomes a Subsidiary of such specified Person, including, without limitation, Indebtedness incurred in connection with, or in contemplation of, such other Person merging with or into or becoming a Subsidiary of such specified Person, and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person, and in either case for purposes of the Indenture, shall be deemed to be incurred by such specified Person at the time such other Person is merged with or into or becomes a Subsidiary of such specified Person or at the time such asset is acquired by such specified Person, as the case may be.

Add On Notes has the meaning assigned thereto in the section entitled Description of Notes Add On Notes.

Table of Contents

Advances on Purchases of Tobacco means loans, advances and extensions of credit made by the Company or any of our Subsidiaries to growers and other suppliers of tobacco (including Affiliates) and tobacco growers cooperatives, whether short-term or long-term, in the ordinary course of business to finance the growing or processing of tobacco.

Affiliate of any specified Person means:

(1) any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person, or

(2) any other Person who is a director or executive officer of (a) such specified Person or (b) any Person described in the preceding clause (2).

For purposes of this definition, control (including, with correlative meanings, the terms controlling, controlled by and under common control with), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; *provided that* beneficial ownership of 10% or more of any class or any series of any class of equity securities of a Person, whether or not voting, shall be deemed to be control.

Asset Sale means, with respect to any Person, the sale, lease, conveyance or other disposition, that does not constitute a Restricted Payment or an Investment, by such Person of any of its assets (including, without limitation, by way of a Sale and Leaseback Transaction and including the issuance, sale or other transfer of any Equity Interests in any Subsidiary) other than to the Company (including the receipt of proceeds of insurance paid on account of the loss of or damage to any asset and awards of compensation for any asset taken by condemnation, eminent domain or similar proceeding, and including the receipt of proceeds of business interruption insurance), in each case, in one or a series of related transactions; *provided that* notwithstanding the foregoing, the term Asset Sale shall not include:

(1) the sale, lease, conveyance, disposition or other transfer of all or substantially all of the assets of the Company, in accordance with the terms of the covenant entitled Merger, Consolidation or Sale of Assets;

(2) the sale or lease of equipment, inventory, accounts receivable or other assets in the ordinary course of business consistent with past practice;

(3) a transfer of assets by the Company to a Wholly Owned Subsidiary of the Company or by a Wholly Owned Subsidiary of the Company to the Company or to another Wholly Owned Subsidiary of the Company;

(4) an issuance of Equity Interests by a Wholly Owned Subsidiary of the Company to the Company or to another Wholly Owned Subsidiary of the Company, *provided that* the consideration paid by the Company or such Wholly Owned Subsidiary of the Company for such Equity Interests shall be deemed to be an Investment; or

(5) the sale or other disposition of cash or Cash Equivalents.

Attributable Indebtedness means, in respect of a Sale and Leaseback Transaction at the time of d