

DIMON INC  
Form S-4  
September 02, 2003  
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As filed with the Securities and Exchange Commission on August 29, 2003

Registration Nos. 333- \_\_\_\_\_

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# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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## FORM S-4

### REGISTRATION STATEMENT

*UNDER*

*THE SECURITIES ACT OF 1933*

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## DIMON Incorporated

(Exact name of registrant as specified in its charter)

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Virginia  
(State of Incorporation)

5159  
(Primary Standard Industrial  
Classification Number)

54-1746567  
(I.R.S. Employer Identification No.)

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)

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*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)**

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**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. "

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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. "

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**CALCULATION OF REGISTRATION FEE**

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<b>Title of Each Class of Securities to be Registered</b>	<b>Amount to be Registered</b>	<b>Maximum Offering Price Per Bond</b>	<b>Maximum Aggregate Offering Price</b>	<b>Amount of Registration Fee</b>
7 <sup>3</sup> / <sub>4</sub> % Senior Notes Due 2013	\$ 125,000,000	100%	\$ 125,000,000	\$ 10,112.50

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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.

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**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.**

Subject to Completion, dated \_\_\_\_\_, 2003

**PROSPECTUS**

[DIMON Logo]

**OFFER TO EXCHANGE**

**Up to \$125,000,000 Principal Amount Outstanding**

**7¾% Senior Notes due 2013**

**for**

**a like Principal Amount of**

**7¾% Senior Exchange Notes due 2013**

**that have been Registered under the Securities Act of 1933**

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**The exchange offer will expire at 5:00 p.m. New York City time on \_\_\_\_\_, 2003, unless we extend the exchange offer in our sole and absolute discretion.**

**Interest Payable June 1 and December 1, Beginning December 1, 2003**

All existing 7¾% Notes due 2013 (the "Old 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 7¾% Senior Exchange Notes due 2013 (the "Exchange Notes") that are registered under the Securities Act of 1933.

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

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

**You should carefully consider the risk factors beginning on page 10 of this prospectus before participating in the exchange offer or investing in the Exchange Notes issued in the exchange offer.**

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

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**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 \_\_\_\_\_, 2003.

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Each broker-dealer that receives Exchange Notes for its own account under the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of Exchange 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 Exchange Notes received in exchange for Old Notes where the Old 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.

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**MARKET, RANKING AND OTHER DATA**

We obtained the market and competitive position data used throughout this prospectus from our own research, surveys or studies conducted by third parties and industry or general publications. Unless otherwise indicated, market data are estimates based upon information collected by us in the ordinary course of business. The cited industry publications and surveys do not guarantee the accuracy and completeness of such information. While we believe that these studies and publications are reliable, we have not independently verified such data, and make no representation as to the accuracy of such information.

**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. You should not assume that the information in this prospectus is accurate as of any date other than the date on the front page of this prospectus. This prospectus does not contain all of the information set forth in the registration statement. For further information about us and the Exchange Notes, you should refer to the registration statement. This prospectus summarizes material provisions of contracts and other documents. Since these summaries may not contain all of the information that you may find important, you should review the full text of these documents. We have filed certain of these documents as exhibits to our registration statement.

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 \_\_\_\_\_, 2003, 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>.

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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.

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**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 to which we have referred you, prior to deciding whether tender your Old Notes to invest in the Exchange Notes. The term Old Notes refers to the unregistered 7¾% 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 Old 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 Old Notes for Exchange Notes with substantially identical terms. If the exchange offer is 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 Exchange Notes for further information regarding the Exchange Notes.

We believe you may resell the Exchange 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 Exchange 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 was \$1.27 billion.

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%

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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 many of our major customers for over 60 years,

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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.

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**Summary of Risk Factors**

You should read the Risk Factors section of this prospectus as well as the other cautionary statements contained or incorporated by reference in this prospectus before tendering your Old Notes for Exchange Notes or making an investment in the Exchange Notes. The following is a summary of the risks that are discussed in detail in this prospectus:

**Risks Relating to the Exchange Offer**

Holders who fail to exchange their Old Notes will continue to be subject to restrictions on transfer

You must comply with the exchange offer procedures in order to receive new, freely tradable Exchange Notes

Some holders who exchange their Old 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 Old Notes and Exchange Notes**

Our significant debt service obligations will limit our cash flow and affect how we operate our company

A court could declare the Old Notes and Exchange 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 Old Notes and Exchange Notes upon a change of control

If an active trading market for the Exchange Notes does not develop, the liquidity and the value of the Exchange Notes could be harmed

Our holding company structure means that the Old Notes Exchange Notes will be effectively subordinated to the creditors of our subsidiaries

**Risks Related to Our Operations and the Tobacco Industry**

Please review the risk factors under the heading Factors that May Affect Future Results in our Annual Report on Form 10-K for the fiscal year ended June 30, 2003 filed on August 28, 2003, which is incorporated herein by reference.



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**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 Exchange Notes.

**The Exchange Offer**

We are offering to exchange up to \$125 million in aggregate principal amount of Exchange Notes, which have been registered under the Securities Act, for up to \$125 million in aggregate principal amount of Old Notes, which we issued on May 27, 2003 in a private offering.

In order for your Old 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 Old Notes that are validly tendered and not validly withdrawn will be exchanged. We will issue Exchange Notes as soon as practicable after the expiration of the exchange offer.

Old Notes may be exchanged for Exchange Notes only in integral multiples of \$1,000.

We believe that the Exchange 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 Exchange 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 Exchange 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 Exchange Notes for its own account in the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of those Exchange 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 Old 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 Exchange



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Notes, and cannot use the prospectus in connection with resales of the Exchange Notes.

Registration Rights Agreement

We sold the Old Notes on May 27, 2003 to the initial purchasers of the Old 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 Old Notes for Exchange 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 Old Notes you do not tender for exchange.

Consequences of Failure to Exchange Your Old Notes

If you do not exchange your Old Notes for Exchange Notes pursuant to the exchange offer, you will continue to be subject to the restrictions on transfer provided in the Old Notes and the indenture. In general, the Old 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 Old Notes under the Securities Act. To the extent that Old Notes are tendered and accepted in the exchange offer, the trading market for untendered Old Notes and tendered but unaccepted Old Notes will be adversely affected.

Expiration Date

The exchange offer will expire at 5:00 p.m., New York City time, on \_\_\_\_\_, 2003, 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 Old 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 Old Notes that you tendered but that were not exchanged.

Terms of the Exchange Offer

We will not be required to accept Old 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 Old Notes in compliance with the terms of the exchange offer.

The exchange offer is not conditioned upon any minimum aggregate principal amount of Old 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.



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Procedures for Tendering  
Old Notes and  
Representations

If your Old 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 Old Notes to be tendered or in compliance with the specified procedures for guaranteed delivery of the Old 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 Exchange 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 Exchange Notes;

you are not engaged in and do not intend to engage in any distribution of the Exchange Notes;

if you are a broker-dealer that will receive Exchange Notes for your own account in exchange for Old 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 Exchange 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 Old 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 Old Notes that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, and you wish to tender the Old Notes in the exchange offer, you should contact the registered holder promptly and instruct the registered holder to tender on your behalf.

Consequences of Not  
Complying with Exchange  
Offer Procedures

You are responsible for complying with all exchange offer procedures. You will only receive Exchange Notes in exchange for your Old Notes if, prior to the expiration date, you deliver to the exchange agent:

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the letter of transmittal, properly completed and duly

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executed;

any other documents or signature guarantees required by the letter of transmittal;

certificates for the Old Notes or a book-entry confirmation of a book-entry transfer of the Old Notes into the exchange agent's account at DTC.

Any Old 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 Old Notes for exchange. We reserve the right to waive any defect, irregularities or conditions of tender as to particular Old Notes.

**Guaranteed Delivery Procedures**

If you wish to tender your Old Notes and cannot comply, prior to the expiration date, with the applicable procedures for tendering Old Notes described above and under "The Exchange Offer Procedures for Tendering," you must tender your Old 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 Old Notes for Exchange 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 Exchange Notes. The net proceeds from the sale of the Old 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.

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**Summary of the Terms of the Exchange Notes**

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

Issuer	DIMON Incorporated, a Virginia corporation.
Securities	\$125 million in aggregate principal amount of 7¾% Senior Notes due 2013.
Maturity	June 1, 2013.
Interest Rate and Payment Dates	Annual rate: 7¾%.  Payment frequency: every six months on June 1 and December 1.  First payment: December 1, 2003.
Optional Redemption	We may redeem:  all or part of the original principal amount of the Exchange Notes beginning on June 1, 2008, at the redemption prices stated in Description of Exchange Notes Redemption, plus accrued and unpaid interest on the Exchange Notes to be redeemed; and  up to 35% of the Exchange Notes at any time prior to June 1, 2006, at a price of 107.75% of the principal amount of the Exchange Notes, plus accrued and unpaid interest, with the proceeds of certain public equity offerings of our company
Ranking	The Exchange Notes will be unsecured senior obligations of the Company. The Exchange Notes will rank equal in right of payment with all our other existing and future senior unsecured obligations. The Exchange Notes will effectively rank behind 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 Exchange Notes. In the future, we may issue debt that ranks senior, equal or subordinate to the Exchange Notes. The Exchange Notes will also effectively rank behind any of the debt and liabilities of our subsidiaries, except for any of our subsidiaries that guaranty our obligations under the Exchange Notes.
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 Exchange Notes at 101% of the aggregate principal amount thereof plus accrued and unpaid interest to the date of purchase. See Description of Exchange

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	Notes Change of Control.
Note Guarantees	Each of our material domestic subsidiaries will be required to guaranty our obligations under the Exchange Notes. As of the date hereof, we have no material domestic subsidiaries and none of our subsidiaries guarantees our obligations under the Exchange Notes.
Basic Indenture Covenants	We will issue the Exchange 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.
Exchange Offer; Registration Rights	See Description of Exchange Notes Certain Covenants.  We agreed to offer to exchange the Old 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 Old Notes under certain circumstances. If we fail to satisfy these obligations, we have agreed to pay liquidated damages to holders of the Old 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**

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**RISK FACTORS**

*An investment in the Exchange Notes involves a high degree of risk. You should carefully consider the risks described below and the risks described in our Annual Report on Form 10-K for the year ended June 30, 2003 under the headings "Factors that May Affect Future Results-Risks Relating to Our Operations" and "Risks Relating to the Tobacco Industry" in addition to all other information provided to you in this prospectus before making an investment in the Exchange 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**

***Holders who fail to exchange their Old Notes will continue to be subject to restrictions on transfer.***

If you do not exchange your Old Notes for the Exchange Notes in the exchange offer, you will continue to be subject to the restrictions on transfer described in the legend on your Old Notes. The restrictions on transfer of your Old Notes arise because we issued the Old Notes in a transaction not subject to the registration requirements of the Securities Act of 1933, as amended, and applicable state securities laws. In general, you may only offer or sell the Old Notes if they are registered under the Securities Act and applicable state securities laws, or offered and sold pursuant to an exemption from such requirements. If you are still holding any Old Notes after the expiration date of the exchange offer and the exchange offer has been consummated, you will not be entitled to have such Old Notes registered under the Securities Act or to any similar rights under the Registration Rights Agreement (subject to limited exceptions, if applicable). After the exchange offer is completed, we will not be required, and we do not intend, to register the Old Notes under the Securities Act. In addition, if you exchange your Old Notes in the exchange offer for the purpose of participating in a distribution of the Exchange Notes, you may be deemed to have received restricted securities and, if so, will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction. To the extent Old Notes are tendered and accepted in the exchange offer, the trading market, if any, for the Old Notes would be adversely affected.

***Holders must comply with the exchange offer procedures in order to receive new, freely tradable Exchange Notes.***

We will issue the Exchange Notes in exchange for the Old Notes only after we have timely received your Old Notes, along with a properly completed and duly executed Letter of Transmittal and all other required documents. Therefore, if you want to tender your Old Notes in exchange for Exchange Notes, you should allow sufficient time to ensure timely delivery. Neither the Exchange Agent nor DIMON is under any duty to give notification of defects or irregularities in the tender of Old Notes for exchange. The exchange offer will expire at 5:00 p.m., New York City time, on \_\_\_\_\_, 2003, or on a later extended date and time as we may decide (the "Expiration Date").

The Exchange Notes and any Old Notes which remain outstanding after the exchange offer will vote together as a single class for purposes of determining whether the required percentage of holders have taken certain actions or exercised certain rights under the Indenture.

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

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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 Exchange 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

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Securities Act, that you acquired your Exchange Notes in the ordinary course of your business and that you have no arrangement with any person to participate in the distribution of such Exchange Notes. However, we have not submitted a no-action letter to the SEC regarding this exchange offer and we cannot assure you that the SEC would 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 Exchange Notes to be acquired pursuant to the exchange offer, you will be subject to additional limitations. See *The Exchange Offer* *Resale of the Exchange Notes*.

**Risks Relating To Our Indebtedness and the Old Notes and Exchange 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 Old Notes and Exchange Notes and subjecting us to additional risks.*

We have a significant level of debt and debt service obligations. We had, as of June 30, 2003, \$636.3 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 Old Notes and Exchange 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 *Capitalization*, *Selected Consolidated Financial Data* and *Description of Exchange 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

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 Exchange 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 Old Notes and Exchange 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 Old Notes and Exchange Notes constituted a fraudulent conveyance. If a court were to find that there has been a fraudulent conveyance, it could:

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

subordinate our obligations to you under the Old Notes and Exchange 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 Old Notes and Exchange Notes or any Note Guarantee; and

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

If a court were to take any of those actions, we cannot assure you that you would ever be repaid.

***We may not have sufficient funds to repay the Old Notes and Exchange Notes upon a change of control.***

If we experience certain changes of control, you will have the right to require us to purchase your Old Notes and Exchange Notes at a purchase price equal to 101% of the principal amount of your Old Notes and Exchange 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 Old Notes and Exchange Notes. If we cannot repay our debts or obtain the needed consents, we may be unable to purchase the Old Notes and Exchange 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 Old Notes and Exchange Notes, as described above. See Description of Exchange 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 Exchange Notes to be issued in the exchange offer.***

There is no existing market for the Exchange Notes. We cannot assure you with respect to:

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

your ability to sell Exchange Notes; or

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

If a public market were to exist, the Exchange Notes could trade at prices that may be higher or lower than their principal amount or purchase price, depending on many factors, including prevailing interest rates, the market for similar notes and our financial performance. We do not

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intend to list the Exchange 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 Exchange Notes is currently anticipated. The initial purchasers of the Old Notes have advised us that they currently anticipate making a secondary market for the Exchange Notes, but they are not obligated to do so. We cannot assure you that an active or liquid public trading market will develop for the Exchange Notes.

*Our holding company structure means that the Old Notes and Exchange 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 Old Notes and Exchange Notes, will effectively rank junior to all creditors (including unsecured creditors) of our subsidiaries, other than any guarantors of the Old Notes and Exchange Notes, if any, with respect to the assets of such subsidiaries, notwithstanding that the Old Notes

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and Exchange 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 Old Notes and Exchange Notes to participate in those assets) will be effectively subordinated to the claims of that subsidiary's creditors, including trade creditors. As of June 30, 2003, after giving effect to the offering of the Old Notes and the use of the proceeds thereof, the aggregate amount of our indebtedness was \$636.3 million of which approximately \$18.8 million is secured and of which approximately \$220.3 million represents indebtedness of our subsidiaries which is structurally senior to the Old Notes and Exchange Notes.

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**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus and the information incorporated by reference into this prospectus contain certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including, without limitation, statements containing the words believes, anticipates, expects, estimates, intends, plans, projection, will continue 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 statements other than of historical facts included herein or therein, including those regarding market trends, our financial position, business strategy, projected plans and objectives of management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results or performance to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, but are not limited to: general economic and business conditions; weather conditions; crop yields; competition; the regulatory actions of U.S., foreign and local governments; foreign currency exchange and interest rate fluctuations; the loss of significant customers or a substantial reduction in orders from customers; industry trends, including continued customer consolidation and changes in customer buying and inventory practices; availability, terms and deployment of capital; ability to increase prices; production capacity constraints and other economic, business, competitive and/or regulatory factors affecting our operations discussed in this report.

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.

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**THE EXCHANGE OFFER**

**General**

We are offering to exchange up to \$125 million in the aggregate principal amount of Exchange Notes for the same aggregate principal amount of Old Notes. We are making the exchange offer for all of the Old 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 Old 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 Old 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 Old 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 Old 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 Old 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 Old 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.

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As soon as practicable after the registration statement is declared effective, we will offer the holders of Old Notes who are not prohibited by any law or policy of the SEC from participating in this exchange offer the opportunity to exchange their Old Notes for Exchange Notes registered under the Securities Act that are substantially identical to the Old Notes, except that the Exchange 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 Exchange Notes and consummation of the exchange offer, we have agreed to pay to each affected holder of Old Notes liquidated damages in an amount equal to \$0.05 per week per \$1,000 in principal amount of Old 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 liquidated

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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 Old Notes for freely transferable Exchange Notes, you will be required to make the following representations: