

ALLIANCE ONE INTERNATIONAL, INC.

Form S-4

November 13, 2013

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As filed with the Securities and Exchange Commission on November 13, 2013

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

ALLIANCE ONE INTERNATIONAL, INC.
(Exact name of registrant, as specified in its charter)

Virginia

5150

54-1746567

**(State or other jurisdiction of
incorporation or organization)** **(Primary Standard Industrial
Code Number)** **(I.R.S. Employer)
Identification No.)**

**8001 Aerial Center Parkway
Morrisville, North Carolina 27560-8417
(919) 379-4300**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**William L. O Quinn, Jr.
Vice President Chief Legal Officer and Secretary
Alliance One International, Inc.**

**8001 Aerial Center Parkway
Morrisville, North Carolina 27560-8417
(919) 379-4300**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

**Stephen M. Lynch
Robinson, Bradshaw & Hinson, P.A.
101 North Tryon Street, Suite 1900
Charlotte, North Carolina 28246
(704) 377-8355**

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

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.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer x
 Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

CALCULATION OF REGISTRATION FEE

Title of securities to be registered	Amount registered	Proposed	Proposed	Amount of registration fee
		maximum offering price per unit	maximum aggregate offering price	
9.875% Senior Secured Second Lien Notes due 2021	\$735,000,000	100%(1)	\$735,000,000(1)	\$94,668

(1) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(f) under the Securities Act.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of

1933, or until this Registration Statement shall become effective on such date as the Securities and Exchange 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 Securities and Exchange Commission 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 November 13, 2013

PROSPECTUS

ALLIANCE ONE INTERNATIONAL, INC.

Offer to Exchange All Outstanding

\$735,000,000 9.875% Senior Secured Second Lien Notes due 2021

for

\$735,000,000 9.875% Senior Secured Second Lien Notes due 2021

which have been registered under the Securities Act

We are offering to exchange new 9.875% Senior Secured Second Lien Notes due 2021 (which we refer to as the new notes) for our currently outstanding 9.875% Senior Secured Second Lien Notes due 2021 (which we refer to as the old notes) on the terms and subject to the conditions detailed in this prospectus and the accompanying letter of transmittal.

The exchange offer will expire at 5:00 p.m., New York City time, on _____, 2013, unless extended.

All old notes that are validly tendered and not validly withdrawn will be exchanged.

Tenders of old notes may be withdrawn any time prior to 5:00 p.m., New York City time, on the date of expiration of the exchange offer.

The exchange of notes will not be a taxable exchange for U.S. federal income tax purposes.

We will not receive any proceeds from the exchange offer.

The terms of the new notes to be issued are identical in all material respects to the outstanding old notes, except that the new notes have been registered under the Securities Act of 1933, as amended, or the

Securities Act, and will not have any of the transfer restrictions and certain additional interest provisions relating to the old notes. The new notes will represent the same debt as the old notes and we will issue the new notes under the same indenture.

We do not intend to apply for listing of the new notes on any securities exchange or to arrange for them to be quoted on any quotation system. A public market for the new notes may not develop, which could make selling the new notes difficult.

Each broker-dealer that receives new notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such 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. 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 old notes where such old notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that, for a period of 180 days after the expiration date of the exchange offer, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See Plan of Distribution.

See **Risk Factors** beginning on page 19 for a discussion of matters that participants in the exchange offer should consider.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2013

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Rather than repeat certain information in this prospectus that we have already included in reports filed with the Securities and Exchange Commission (the "SEC"), this prospectus incorporates important business and financial information about us that is not included in or delivered with this prospectus. We will provide this information to you at no charge upon written or oral request directed to: Alliance One International, Inc., Attention: Investor Relations, 8001 Aerial Center Parkway, Post Office Box 2009, Morrisville, North Carolina 27560-2009. In order to ensure timely delivery of the information, any request should be made no later than five business days before the expiration date of the exchange offer.

You should rely only on the information contained or incorporated by reference in this document or to which we have referred you. 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. The information in this document may only be accurate on the date of this document.

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INDUSTRY AND MARKET DATA

Information regarding market share, market position and industry data pertaining to our business contained in this prospectus consists of our estimates based on data and reports compiled by industry professional organizations (including Euromonitor International), industry analysts and our management's knowledge of our business and markets.

Although we believe that the sources are reliable, we have not independently verified market industry data provided by third parties or by industry or general publications. Similarly, while we believe our internal estimates with respect to our industry are reliable, our estimates have not been verified by any independent sources. While we are not aware of any misstatements regarding any industry data presented in this prospectus, our estimates involve risks and uncertainties and are subject to changes based on various factors, including those discussed under "Risk Factors" in this prospectus and in our Annual Report on Form 10-K for the fiscal year ended March 31, 2013 incorporated herein by reference.

INCORPORATION BY REFERENCE

The information that we incorporate by reference is considered a part of this prospectus. We incorporate by reference the following documents we filed with the SEC pursuant to the Securities Exchange Act of 1934, as amended (the Exchange Act):

our Annual Report on Form 10-K for the fiscal year ended March 31, 2013 filed with the SEC on June 17, 2013 (the 2013 Form 10-K);

our Quarterly Report on Form 10-Q for the period ended June 30, 2013 filed with the SEC on August 9, 2013 and our Quarterly Report on Form 10-Q for the period ended September 30, 2013 filed with the SEC on November 5, 2013 (the September 30, 2013 Form 10-Q);

our Current Reports on Form 8-K (including amendments filed on Form 8-K/A) filed with the SEC on June 13, 2013, June 18, 2013, July 1, 2013, July 17, 2013, July 26, 2013 (two reports), July 29, 2013, August 1, 2013, August 9, 2013 and August 30, 2013;

our Definitive Proxy Statement on Schedule 14A filed with the SEC on July 8, 2013; and

additional reports filed with the SEC subsequent to the date hereof under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act and prior to the termination or completion of the exchange offer, including any period during which we have agreed to make this prospectus available to broker-dealers for resales as described herein (other than information furnished pursuant to Items 2.02 or 7.01 of any Current Report on Form 8-K).

Documents incorporated by reference are available from us without charge. You may obtain documents incorporated by reference in this prospectus by requesting them in writing or by telephone from:

Alliance One International, Inc.

Edgar Filing: ALLIANCE ONE INTERNATIONAL, INC. - Form S-4

Attention: Investor Relations

8001 Aerial Center Parkway

Post Office Box 2009

Morrisville, NC 27560-2009

(919) 379-4300

In order to obtain timely delivery, you must request the information no later than , , 2013, which is five business days before the initial scheduled expiration date of the exchange offer.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. These statements may be made directly in this prospectus or may be incorporated into this prospectus by reference to other documents. You can identify these forward-looking statements by use of words such as strategy, expects, continues, plans, anticipates, believes, will, estimates, projects, goals, targets and other words of similar meaning. You can also identify them by the fact that they do not relate strictly to historical or current facts.

These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those discussed in such statements and no assurance can be given that the results in any forward-looking statement will be achieved. Any forward-looking statement speaks only as of the date on which it is made, and we disclaim any obligation to subsequently revise any forward-looking statement to reflect events or circumstances after such date or to reflect the occurrence of anticipated or unanticipated events.

We cannot guarantee that any forward-looking statement will be realized, although we believe we have been prudent in our plans and assumptions. Achievement of future results is subject to risks, uncertainties and inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. You should bear this in mind as you consider forward-looking statements in this prospectus.

In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, we are identifying important risk factors that, individually or in the aggregate, could cause actual results and outcomes to differ materially from those contained in any forward-looking statements made by us; any such statement is qualified by reference to the following cautionary statements. These factors include those appearing under the heading Risk Factors in this prospectus and the factors discussed under the heading Risk Factors in the 2013 Form 10-K, the factors discussed below and any other cautionary statements, written or oral, which may be made or referred to in connection with any such forward-looking statements.

Our reliance on a small number of significant customers.

Continued vertical integration by our customers.

Global shifts in sourcing customer requirements.

Shifts in the global supply and demand position for tobacco products.

Changes in the timing of anticipated shipments.

Migration of suppliers who have historically grown tobacco and from whom we have purchased tobacco toward growing other crops.

Risks related to our advancement of inputs to tobacco suppliers to be settled upon the suppliers delivering us unprocessed tobacco at the end of the growing season.

Changes in anticipated geographic product sourcing and that tobacco that we purchase directly from suppliers may not meet our customers' quality and quantity requirements.

Weather and other environmental conditions that can affect the marketability of our inventory.

Government actions that significantly affect the sourcing of tobacco, including governmental actions to identify and assess crop diversification initiatives and alternatives to leaf tobacco growing in countries whose economies depend upon tobacco production.

International business risks, including political instability in sourcing locations, expropriation, import and export restrictions, exchange controls, inflationary economies, currency risks and risks related to the restrictions on repatriation of earnings or proceeds from liquidated assets of foreign subsidiaries.

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Exposure to foreign tax regimes in which the rules are not clear, are not consistently applied and are subject to sudden change.

Fluctuations in foreign currency exchange and interest rates.

Competition with the other primary global independent leaf tobacco merchant and independent leaf merchants.

Disruption, failure or security breaches of our information technology systems.

Risks related to our capital structure, including risks related to our significant debt and our ability to continue to finance our non-U.S. local operations with uncommitted short term operating credit lines at the local level.

Our ability to continue to access capital markets to obtain long-term and short-term financing.

The volatility and disruption of global credit markets.

Potential failure of foreign banks in which our subsidiaries maintain deposits or the failure by such banks to transfer funds or honor withdrawals.

Failure by counterparties to derivative transactions to perform their obligations.

Reductions in demand for consumer tobacco products.

The impact of litigation on our customers.

Legislative and regulatory initiatives that may reduce consumption of consumer tobacco products and demand for our services and increase regulatory burdens on us or our customers.

Low investment performance by our defined benefit pension plan assets which may require us to fund a larger portion of our pension obligations, thus, diverting funds from other potential uses.

We caution you that the foregoing list of important factors may not contain all of the material factors that are important to you. In addition, in light of these risks and uncertainties, the matters referred to in the forward-looking statements contained in this prospectus may not in fact occur. We undertake no obligation to update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

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SUMMARY

This summary highlights information appearing elsewhere in, or incorporated by reference into, this prospectus. This summary is not complete and does not contain all of the information that you should consider before tendering old notes in the exchange offer. You should carefully read the entire prospectus, including the section entitled Risk Factors, along with the financial data and related notes and the other documents that we incorporate by reference in this prospectus. Except as otherwise indicated or otherwise required by the context, references in this prospectus to we, us, our, Alliance One, the Company or the Issuer refer to the combined business of Alliance One International, Inc. and its subsidiaries.

The old notes consisting of the 9.875% Senior Secured Second Lien Notes due 2021, \$735,000,000 in aggregate principal amount of which were issued on August 1, 2013, and the new notes consisting of the 9.875% Senior Secured Second Lien Notes due 2021 offered pursuant to this prospectus are sometimes collectively referred to in this prospectus as the notes. This prospectus and the letter of transmittal that accompanies it collectively constitute the exchange offer.

Our fiscal year ends on March 31. References to a fiscal year are to the fiscal year ending in that year. For example, our fiscal year 2013 ended on March 31, 2013.

Our Company

We are one of only two global independent publicly held leaf tobacco merchants, each with similar global market shares. We have broad geographic processing capabilities, a diversified product offering and an established customer base, including all of the major consumer tobacco product manufacturers. We select, purchase, process, store, pack and ship tobacco grown in more than 35 countries, serving manufacturers of cigarettes and other consumer tobacco products in approximately 90 countries around the world. We process tobacco through a complex mechanized threshing and separating operation and then dry it to meet precise moisture levels in accordance with the customer's specifications. The processing of leaf tobacco facilitates shipping and prevents spoilage and is an essential service to our customers because the quality of processed leaf tobacco substantially affects the quality of the manufacturer's end product. In an increasing number of important markets, we also provide agronomy expertise for growing leaf tobacco.

We have developed an extensive international network through which we purchase, process and sell tobacco, and we hold a leading position in most tobacco growing regions in the world. We process tobacco in more than 35 owned and third-party facilities around the world including in the United States, Brazil, Malawi, Turkey, China, Argentina, India and Thailand.

We sell our processed tobacco primarily to large multinational cigarette manufacturers, including Philip Morris International, Inc., Japan Tobacco, Inc., Imperial Tobacco Group, PLC, China Tobacco International, Inc., British American Tobacco, Philip Morris USA, Inc., Eastern Company S.A.E., R. J. Reynolds Tobacco Company, Lorillard Tobacco Company and others. 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 more than 50 years, with some of these relationships beginning in the early 1900s. We do not manufacture cigarettes or other consumer tobacco products.

Our fiscal year 2013 revenues were approximately \$2.2 billion. Our revenues are primarily comprised of sales of processed tobacco and fees charged for processing and related services to manufacturers of tobacco products around the world. Processing fees and other revenues have historically been less than 5% of our revenues.

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Tobacco remains one of the world's major consumer products industries with 21% of the adult worldwide population smoking tobacco products as estimated by Euromonitor International in an October 2012 report. Euromonitor International estimates cigarette demand in 2012 of 5.8 trillion cigarette sticks, growing at a rate of 0.19% from 2011 and by 4% from 2006 through 2011. According to Euromonitor International, the cigarette market is forecast to grow by some 7% in volume from 2011 to 2016. Developing markets, and in particular China, drive global sales growth. Per Euromonitor International, the cigarette smoking population in the Asia Pacific region grew by some 7% from 2006 to 2011, and the region makes up over 60% of the global market for cigarettes by volume. The cigarette smoking population also increased by 9% in such period in the Middle East and Africa but declined in North America, Western Europe and Eastern Europe by between approximately 2% to 4%. China is forecast to increase its share of global cigarette volumes from 41% in 2011 to 46% in 2016, according to Euromonitor International, with China's domestic cigarette market forecast to grow 19% over such period, equating to some 450 billion cigarette sticks. Sales of premium cigarettes grew by nearly 10% globally in 2012, according to Euromonitor International, and from 2013 to 2017 Euromonitor International estimates premium product sales to increase by approximately 30% in China, which is the world's largest, fastest growing market.

We believe the following are important trends impacting the leaf tobacco industry:

Regional Growth. Euromonitor International forecasts indicate continued increases in cigarette consumption in China and the remaining Asia Pacific region and, once local political turmoil stabilizes, in the Middle East and Africa as well, with overall consumption in most other regions, including the United States and Western Europe, continuing to decline. Euromonitor International estimates that there will be some 35 million more cigarette smokers in 2016 than in 2011, of which China will account for 12 million, with declines in the developed regions more than matched by growth principally in China. The cigarette smoking population is expected to rise by almost 4% from 2011 to 2016. As the large international cigarette manufacturers grow in developing markets, we believe they will look to trusted advisors for a reliable source of quality flue-cured tobacco, the primary component of the Virginia, Modified Virginia and Chinese-style cigarettes traditionally consumed in those markets. Further, as the international manufacturers continue to penetrate those markets and the adult population in those markets continues to grow in number with more disposable income as forecasted by Euromonitor International, there may be an increase in consumption of American-blend cigarettes, causing an increased demand for export quality tobacco.

Consolidation Among Multinational Cigarette Manufacturers and Expansion of Non-U.S. Operations. Increased competition in the global tobacco industry as well as the desire to grow and compete in new markets have resulted in multinational cigarette manufacturers looking for new product and market penetration opportunities as well as economies of scale in order to leverage their brands, manufacturing, distribution and marketing capabilities and enhance profitability. Consequently, multinational cigarette manufacturers have looked for mergers and acquisitions to remain competitive. While the global tobacco market has been relatively quiet in terms of acquisition in recent years, product expansion acquisitions have occurred, including Lorillard Tobacco Company's acquisition of Blu, a leading U.S. electronic cigarette marketer, and Japan Tobacco's acquisition of Gryson, a leading roll-your-own and make-your own manufacturer in a number of Western European countries. Other significant recent acquisitions include British American Tobacco's purchase of Bentoel in June 2009 and British American Tobacco's acquisition of Protabaco in Colombia in early 2011. Large multinational cigarette manufacturers have also increased their presence in developing countries throughout the world, including Asia and Africa, consistent with reported growth trends in cigarette sales in those areas. Other privatizations of monopolies are expected, and the large manufacturers are entering joint or licensed manufacturing ventures to attempt to capitalize on the growth in China. As cigarette manufacturers expand their global operations, we believe that demand for local sources of leaf tobacco and local tobacco processing facilities

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will increase, primarily due to beneficial tariff rates and lower freight costs. We also believe that the international expansion of cigarette manufacturers will cause these manufacturers to rely more on the leaf tobacco merchants like us that can source and process tobacco on a global and local basis.

Growing Importance of Global Independent Leaf Tobacco Merchants. Our customers are experiencing increased margin pressure due to the impact of rising taxes on cigarette prices, anti-smoking campaigns, the current global economic downturn and the global competition for market share. As they battle for market share in a high-margin, consumer product business, they are increasingly focused on managing their cost structures, and accordingly look to their leaf suppliers to increase efficiency in their operations. Tobacco merchant customers are also placing a greater emphasis on sourcing tobaccos from suppliers with solid sustainability programs, good agricultural practices and strong compliance policies, including the ability to trace the source of tobacco leaf from planting to shipping to the customer. As the large international manufacturers compete in the emerging markets of Asia Pacific, the India Sub-continent and Africa, we believe that they will need a dynamic mix of tobaccos as they provide Virginia, Modified Virginia and Chinese-style cigarettes traditionally consumed in those markets and monitor each region's progression toward sustainably produced, quality tobaccos. As a result, we believe that cigarette manufacturers increasingly consider global leaf merchants to be value added partners, in large part because of their global scope and expertise in sourcing, processing and packing leaf tobacco to meet specific customer needs while adhering to their best practices. We are one of only two leaf tobacco merchants with a global footprint and access to a wide range of tobacco products, working toward sustainable tobacco production.

Vertical Integration. In recent years, certain cigarette manufacturers have taken steps to partially vertically integrate their operations, whether through the acquisition of leaf merchants, establishing new operations, entering into joint ventures or contracting directly with suppliers. In 2009, Japan Tobacco enhanced its direct leaf procurement capabilities with the acquisition of small leaf processors in Malawi and Brazil and the formation of a joint venture for the procurement and processing of U.S. leaf tobacco. Philip Morris International has also strengthened its direct leaf procurement capabilities with the acquisition in 2010 of supplier contracts and the related assets from Alliance One and from another tobacco merchant in Brazil. In January 2012, we announced an agreement with China Tobacco to form a new joint venture company in Brazil, which remains pending. It is uncertain whether steps by cigarette manufacturers toward greater vertical integration will continue, and we believe vertical integration may be reversing in some markets, as we believe we are the more cost effective alternative, while also providing compliant security of supply. We continue to work with these customers in each of these markets and will continue to work with our customers to meet all their needs as their buying patterns and business models change, while continuing to be a provider of quality tobacco products and innovative solutions.

Our Competitive Strengths

We believe our principal competitive strengths include the following:

Market Leadership. Alliance One is one of only two global independent leaf tobacco merchants, each with similar global market shares. We have broad geographic processing capabilities, a diversified product offering and an established customer base, including all of the major tobacco consumer product companies. We own approximately 12 processing facilities in 8 countries, including all the principal export markets for flue-cured, burley and oriental tobacco, and we are working towards sustainable tobacco production. We offer the ability to track tobacco as it is harvested, received, graded, processed, stored, packed and shipped to the cigarette manufacturer, so that manufacturer can trace the source of the tobacco in its end product. We believe that the significant scale of our operations and the quality of our managerial talent enable us to achieve efficiencies in key markets by, among other things, reducing redundant operating expenses, improving facility and inventory management and implementing best practices across our businesses. As a result of our scale, global reach and financial resources, we believe we are well-suited to serve

the needs of large multinational cigarette manufacturers.

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Strong Customer Relationships. The majority of our tobacco customers, including Philip Morris International, Japan Tobacco, China Tobacco, Imperial Tobacco, British American Tobacco, Lorillard, Philip Morris USA, Inc., and R.J. Reynolds are diversified leaders in their respective markets with strong track records in the industry. We have maintained relationships with many major customers for more than 50 years, providing us with extensive knowledge of customers' purchasing needs and quality requirements. We believe our sourcing and agronomic expertise at the local level, processing and packing capabilities and other value-added services (including efforts with our customers to restrict the sale of tobacco through illicit trade) have led our customers to increasingly rely on our operations.

Global Diversity. We purchase tobacco grown in more than 35 countries and serve manufacturers of cigarettes and other consumer tobacco products located in approximately 90 countries around the world. We have access to a diverse supply of tobacco grown in a number of different regions throughout the world and are positioned to respond to weather, political or economic conditions causing fluctuations in the quality, yield or price of tobacco grown in any one region. In particular, our relationships with tobacco producers in key origins, such as Brazil, China, Tanzania, Thailand, India and Malawi, enable us to increasingly market the improved quality of leaf from these origins at competitive pricing. We continue to develop new crops or expand existing ones in strategic locations to provide improved security of supply and tariff-friendly products where regional tariff advantages exist. As a result of this flexibility, we believe customers will continue to look to us to source increased amounts of tobacco from these and other tobacco-producing countries.

Experienced Management Team. We have a dedicated and experienced management team. Our five senior executive officers have an average of 24 years of experience in the domestic and international tobacco industry. We believe that this combination of background and experience will enable us to maintain and strengthen long-term relationships with customers and leverage our market leadership position.

Operating Efficiencies. Alliance One is focused on achieving optimal operating efficiencies and cost savings throughout our organization. As part of this ongoing process we have:

rationalized facilities and reduced fixed factory costs and administration;

reduced corporate and regional overhead; and

eliminated redundant headcount in areas such as sales, support, insurance, human resources, information technology and related functions.

In addition to these cost savings, we have realized improved operating efficiencies by implementing our expertise and capabilities and spreading combined volumes over a streamlined asset base. The focus on cost savings and operating efficiencies has better positioned us to serve and grow with our customers as they respond to global industry conditions.

Our Business Strategy

Our business strategy is focused on the following key strategic areas, which we believe will help us capitalize on our strengths and tobacco industry trends.

Meeting Future Global Demand Efficiently. Global requirements for tobacco leaf continue to evolve as growth in cigarette sales shifts to Asia, and in particular China, regulatory changes require reductions in the use of flavorings in many markets and our customers focus on growth of premium strategic brands. The result of these shifts is increasing demand for higher quality and value flavor-type tobaccos from the regions where we have a developed global footprint. We have invested in our global operations to improve efficiencies in these key locations, combined with reduced head count in some and increased available capacity in others to meet future demand. These investments have been completed with a near-term payback horizon and a strategic view on

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countries where we anticipate future increased volume requirements from our customer base. Combined with our geographic profile, focus on agronomy practices and grower sustainability, proven seed varieties and many years of research and development initiatives, we are well positioned to meet changing and increasing customer requirements.

Sustainable and Traceable Production. We are an industry leader in sustainable and traceable production. Through our three pillars of People, Production and Planet we are working to meet and exceed the expectations of our customers to reduce the environmental impact of tobacco production, improve the livelihood and income of the farmers that produce our tobaccos and enhance the yield and quality of other crops that they produce. We are extremely proud of our long history of working with farmers and our continuous efforts to improve agricultural practices and mechanization across the globe. These improvements allow farmers to produce a variety of cash and food crops, including tobacco, thereby elevating farm family net income and improving food security, while protecting the environment and complying with legislation. Farm sustainability also requires the backing of local communities. We plan to continue our locally and internationally recognized support of schools, clean water projects, medical facilities, micro-financing and other community programs. We also participate in the Carbon Disclosure Project and will continue to work toward further reductions in our carbon emissions. We have the ability to trace tobacco as it is harvested, received, graded, processed, stored, packed and shipped to the cigarette manufacturer, so that the manufacturer can track the source of the tobacco in its end product. We believe that our lower cost approach with emphasis on sustainable responsible production, as well as traceability, will help to drive future profitable incremental volume gains.

Focus on Debt Reduction. We will continue to place a priority on debt reduction driven by increasing free cash flow and investing in initiatives that will reduce our cash cycle and control overall supply chain costs in key strategic global markets. As we move to a lower cost position and improve profit, we intend to deploy our free cash flow to reduce debt. An additional core component of our plan is to improve our operating cycle by controlling the timing of advances to suppliers to the receipt of payments by our customers proportionately, which is designed to reduce overall working capital needs. We also plan to continue to look for innovative, lower-cost financing alternatives, such as utilizing account receivable securitization program proceeds to reduce debt. Additionally, as we have done in the past, we plan to allocate proceeds from non-core asset sales to reduce indebtedness as well.

Recent Developments

Refinancing Transactions

We recently completed several refinancing transactions (the Refinancing Transactions), which are described below.

Issuance of Senior Secured Second Lien Notes due 2021

On August 1, 2013, we issued \$735 million in aggregate principal amount of the old notes. This issuance of old notes was priced at 98.000% of the face value, for gross proceeds of approximately \$720.3 million.

Redemption of Senior Notes due 2016

On August 2, 2013 (the Redemption Date), we completed the conditional redemption of all \$635 million in aggregate principal amount of our outstanding 10% Senior Notes due 2016 (the Senior Notes) at a redemption price of 105% of the principal amount thereof plus accrued and unpaid interest on the Senior Notes to, but not including, the Redemption Date. We applied a portion of the net proceeds from our sale of the old notes to fund the redemption of the Senior Notes. On August 1, 2013, contemporaneously with the closing of the offering of the old notes, we effected a covenant defeasance of the Senior Notes and the satisfaction and discharge of the indenture governing the Senior

Notes.

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Purchase of 5 1/2% Convertible Senior Subordinated Notes due 2014

On August 30, 2013, we completed the purchase of \$60.0 million in aggregate principal amount of our 5 1/2% Convertible Senior Subordinated Notes due 2014 (the *Convertible Notes*) pursuant to a cash tender offer (the *Convertible Notes Tender Offer*) that we commenced on July 17, 2013. The aggregate consideration for the purchase of such *Convertible Notes* was \$62,212,500.11 (including \$412,500.11 in accrued and unpaid interest up to, but excluding, the August 30, 2013 payment date). We applied a portion of the net proceeds from our sale of the old notes and cash on hand to fund the purchase of such *Convertible Notes*. Following the cancellation of the \$60.0 million in aggregate principal amount of the *Convertible Notes* purchased pursuant to the *Convertible Notes Tender Offer*, \$55.0 million in aggregate principal amount of the *Convertible Notes* remain outstanding. The terms of the *Convertible Notes* are described in greater detail in *Description of Other Indebtedness* *Convertible Notes*.

Amendment and Restatement of Senior Secured Credit Facility

On July 26, 2013, we entered into an Amendment and Restatement Agreement dated as of July 26, 2013 (the *Amendment and Restatement Agreement*) between us, certain of our subsidiaries and a syndicate of lenders providing for the amendment, effective upon the execution of the *Amendment and Restatement Agreement*, of certain financial covenants applicable to our senior secured revolving credit facility and for the amendment and restatement of the agreement governing our senior secured revolving credit facility to be effective on the date of the satisfaction of certain conditions. Those conditions were satisfied on August 1, 2013, and on that date the agreement governing the Company's senior secured revolving credit facility was amended and restated to provide for a senior secured revolving credit facility with a syndicate of banks of approximately \$303.9 million that will automatically reduce to approximately \$210.3 million on April 15, 2014 and will mature in April 15, 2017, subject to a springing maturity on April 15, 2014 if by that date the Company has not deposited in the *Blocked Account* (as defined below) sufficient amounts to fund the repayment at maturity of all then outstanding *Convertible Notes*. Borrowings under the amended and restated senior secured revolving credit facility initially bear interest at an annual rate of LIBOR plus 3.75% and base rate plus 2.75%, as applicable, though the interest rate under the amended and restated senior secured revolving credit facility is subject to increase or decrease according to a consolidated interest coverage ratio.

The agreement governing the amended and restated senior secured revolving credit facility requires the Company to deposit with the lenders, in a segregated account that the Company may not use other than for specified purposes (the *Blocked Account*), the net proceeds from the sale of the old notes that were not immediately applied to redeem all of the *Senior Notes*. Amounts held in the *Blocked Account* may be used solely to purchase any and all *Convertible Notes* tendered in the *Convertible Notes Tender Offer* and, subject to conditions, to retire any remaining *Convertible Notes* not purchased in the *Convertible Notes Tender Offer*, including repayment at maturity. On August 30, 2013, we applied all funds then held in the *Blocked Account* to fund the purchase of *Convertible Notes* pursuant to the *Convertible Notes Tender Offer*.

Our senior secured revolving credit facility, as amended and restated pursuant to the *Amendment and Restatement Agreement*, is described in greater detail in *Description of Other Indebtedness* *Senior Secured Revolving Credit Facility*.

Additional Information

Our principal executive offices are located at 8001 Aerial Center Parkway, Morrisville, North Carolina 27560-8417. Our telephone number is (919) 379-4300 and our website address is www.aointl.com. The information on, or accessible through, our website is not a part of this prospectus.

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The Exchange Offer

On August 1, 2013, we issued \$735,000,000 in aggregate principal amount of the old notes in transactions exempt from registration under the Securities Act. In connection with that issuance of old notes, we entered into a registration rights agreement, dated as of August 1, 2013, with the initial purchasers of those old notes. In the registration rights agreement, we agreed to offer to exchange old notes for new notes registered under the Securities Act. In this prospectus the old notes and the new notes are referred to together as the notes. You should read the discussion under the heading Description of Notes for information regarding the notes.

The Exchange Offer

We are offering to exchange up to \$735 million principal amount of the new notes for an identical principal amount of the old notes. The new notes are substantially identical to the old notes, except that:

the new notes will be freely transferable, other than as described in this prospectus;

holders of the new notes will not be entitled to the rights of the holders of the old notes under the registration rights agreement; and

the new notes will not contain any provisions regarding the payment of additional interest for failure to satisfy obligations under the registration rights agreement.

We believe that you can transfer the new notes without complying with the registration and prospectus delivery provisions of the Securities Act if you:

are not an affiliate of Alliance One within the meaning of Rule 405 under the Securities Act;

are not a broker-dealer tendering old notes acquired directly from Alliance One for your own account;

acquired the old notes in the ordinary course of your business; and

have no arrangements or understandings with any person to participate in this exchange offer for the purpose of distributing the old notes and have made representations to Alliance One to that

effect.

If any of these conditions are not satisfied and you transfer any new notes without delivering a proper prospectus or without qualifying for an exemption from registration, you may incur liability under the Securities Act.

You may only exchange outstanding old notes in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

Registration Rights

We have agreed to use our commercially reasonable efforts to consummate the exchange offer or cause the old notes to be registered under the Securities Act to permit resales. If we are not in compliance with our obligations under the registration rights agreement, then

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additional interest (in addition to the interest otherwise due on the old notes or the new notes) will accrue on such old notes or new notes upon such occurrence.

If the exchange offer is completed on the terms and within the time period contemplated by this prospectus, other than with respect to certain broker-dealers, holders who do not tender their old notes will not have any further registration rights under the registration rights agreement or otherwise and will not have rights to receive additional interest. Certain broker-dealers, including the initial purchasers of the old notes, may have additional registration rights only in limited circumstances. See The Exchange Offer Shelf Registration.

No Minimum Condition

The exchange offer is not conditioned on any minimum aggregate principal amount of old notes being tendered for exchange.

Expiration Date

The exchange offer will expire at 5:00 p.m., New York City time, on _____, 2013, unless it is extended.

Exchange Date

Old notes will be accepted for exchange beginning on the first business day following the expiration date, upon surrender of the old notes.

Conditions to the Exchange Offer

Our obligation to complete the exchange offer is subject to limited conditions. See The Exchange Offer Conditions to the Exchange Offer. We reserve the right to terminate or amend the exchange offer at any time before the expiration date if various specified events occur.

Withdrawal Rights

You may withdraw the tender of your old notes at any time before the expiration date. Any old notes not accepted for any reason will be returned to you without expense as promptly as practicable after the expiration or termination of the exchange offer.

Appraisal Rights

Holders of old notes do not have any rights of appraisal for their notes if they elect not to tender their old notes for exchange.

Procedures for Tendering Old Notes

See The Exchange Offer How to Tender.

Effect on Holders of Old Notes

As a result of the making of, and upon acceptance for exchange of all validly tendered old notes pursuant to the terms of, the exchange offer,

we will have fulfilled a covenant under the registration rights agreement. Accordingly, there will be no increase in the interest rate on the outstanding notes under the circumstances described in the registration rights agreement. If you do not tender your old notes in the exchange offer, you will continue to be entitled to all the rights and limitations applicable to the old notes as set forth in the indenture governing the notes, except we will not have any further obligation to you to provide for the exchange of the old notes under the registration rights agreement. To the extent that old notes are tendered and accepted in the exchange offer, the trading market for old notes not tendered or accepted in the exchange offer could be adversely affected.

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Consequences of Failure to Exchange	All untendered old notes will continue to be subject to the restrictions on transfer set forth in the old notes and in the indenture governing the notes. 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 currently anticipate that we will register resales of the old notes under the Securities Act and will have no obligation to do so except in limited circumstances applicable to certain broker-dealers, including the initial purchasers of the old notes. See The Exchange Offer Shelf Registration.
Material United States Federal Income Tax Considerations	The exchange of old notes for new notes by U.S. holders should not be a taxable exchange for U.S. federal income tax purposes, and U.S. holders will not recognize any taxable gain or loss as a result of the exchange. See Material United States Federal Income Tax Considerations.
Use of Proceeds	We will not receive any proceeds from the issuance of the new notes in the exchange offer.
Broker-dealers	Each broker-dealer that receives new notes for its own account in exchange for old notes, where such old notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will comply with the registration and prospectus delivery requirements of the Securities Act in connection with any offer, resale or other transfer of such new notes, including information with respect to any selling holder required by the Securities Act in connection with the resale of the new notes and must confirm that it has not entered into any arrangement or understanding with us or any of our affiliates to distribute the new notes. We have agreed that for a period of 180 days after the expiration date of the exchange offer, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See Plan of Distribution.
Exchange Agent	Deutsche Bank Trust Company Americas is serving as exchange agent in connection with the exchange offer.

Table of Contents**The New Notes**

The summary below describes the principal terms of the new notes. The Description of Notes section of this prospectus contains a more detailed description of the terms and conditions of the old notes and the new notes. The new notes are substantially identical to the old notes, except that the new notes have been registered under the Securities Act and will not have any of the transfer restrictions and certain additional interest provisions relating to the old notes. The new notes will evidence the same debt as the old notes, will be issued under the same indenture as the old notes and will be entitled to the benefits of the indenture governing the notes.

Issuer	Alliance One International, Inc.
Notes Offered	\$735,000,000 aggregate principal amount of new notes in exchange for \$735,000,000 aggregate principal amount of outstanding old notes.
Maturity Date	July 15, 2021.
Interest Payment Dates	January 15 and July 15 of each year, commencing January 15, 2014.
Ranking	<p>The notes and guarantees will be senior secured second lien obligations of Alliance One and the guarantors, if any, and will:</p> <p>rank equally in right of payment to all of Alliance One's and the guarantors' existing and future senior indebtedness;</p> <p>rank senior in right of payment to all of Alliance One's and the guarantors' existing and future subordinated indebtedness, including any Convertible Notes;</p> <p>be effectively senior to all of Alliance One's and the guarantors' existing and future unsecured indebtedness to the extent of the value of the collateral securing the notes offered hereby;</p> <p>be effectively subordinated to Alliance One's and the guarantors' existing and future indebtedness that is secured by first priority liens on the collateral securing the notes, including indebtedness under our senior secured revolving credit facility, to the extent of the value of the collateral securing such indebtedness; and</p>

be structurally subordinated to all of the liabilities, including trade payables, of our existing and future subsidiaries that do not guarantee the notes.

As of September 30, 2013, Alliance One had approximately \$1,461.2 million of total indebtedness, of which approximately \$227.7 million was secured by first priority liens in the collateral, and an additional \$303.9 million was available for borrowing under our senior secured revolving credit facility.

Guarantees

Each of our future material domestic subsidiaries will guarantee the notes. We currently have no material domestic subsidiaries. Our foreign subsidiaries will not guarantee the notes. Accordingly, the

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notes will not be guaranteed by any of our subsidiaries at the closing of this offering and will therefore be structurally subordinated to all the liabilities of our subsidiaries, including trade payables. See Description of Notes Note Guarantees.

As of September 30, 2013, there was \$714.1 million of indebtedness and other non-contingent liabilities (including trade payables) of our subsidiaries. In addition, our subsidiaries had \$121.6 million of contingent liabilities in the form of guarantees of the indebtedness of third parties. See Risk Factors Risks Related to Our Notes and the Collateral Our company structure results in significant structural subordination of the notes and may affect our ability to make payments on the notes.

Our subsidiaries generated approximately 82% of our consolidated revenues in the twelve-month period ended March 31, 2013 and held approximately 77% of our consolidated assets as of September 30, 2013.

Collateral

The notes and the guarantees will be secured by a second-priority security interest, subject to certain exceptions and certain permitted liens, in all assets of Alliance One and the guarantors that secure our senior secured revolving credit facility on a first priority basis. For a description of the collateral, see Description of Notes Security. The collateral does not include all of the assets of Alliance One, including the stock of foreign subsidiaries, including material foreign subsidiaries, that are not first tier subsidiaries, voting capital stock of material first tier foreign subsidiaries in excess of 65% of the voting power of such capital stock, the stock of any domestic subsidiary not directly held by Alliance One or by any material domestic subsidiary (currently, we do not have any material domestic subsidiaries), all real estate other than Alliance One's cut rag facility located adjacent to Baldree Road in Wilson, North Carolina, all other tangible property other than U.S. inventory, and certain intangible property, including contract rights. See Risk Factors Risks Related to Our Notes and the Collateral The notes will be secured only to the extent of the value of the assets that have been granted as security for the notes, which may not be sufficient to satisfy all or any of our obligations under the notes.

Collateral Trust Agreement

We have entered into a collateral trust agreement with the collateral trustee and the trustee under the indenture governing the notes. The collateral trust agreement sets forth the terms on which the collateral trustee receives, holds, administers, maintains, enforces and distributes the proceeds of all of its liens upon the collateral. See Description of Notes Collateral Trust Agreement.

Intercreditor Agreement

The collateral granted to secure the notes also secures, on a first-priority basis, indebtedness under our senior secured revolving credit facility. In addition, the indenture governing the notes permits us to secure additional indebtedness with liens on the collateral under

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certain circumstances. The lenders under our senior secured revolving credit facility and the holders of certain debt we may incur in the future will receive priority to the proceeds of an enforcement of the collateral. These intercreditor relationships are governed by an intercreditor agreement as described in more detail under the caption Description of Notes Intercreditor Agreement.

Optional Redemption

At any time prior to July 15, 2017, we may redeem the notes, in whole or in part, at a redemption price equal to the make-whole amount described under Description of Notes Optional Redemption, plus accrued and unpaid interest and additional interest, if any, to, but not including, the redemption date.

On or after July 15, 2017, we may redeem the notes, in whole or in part, at the applicable redemption prices described under Description of Notes Optional Redemption, plus accrued and unpaid interest and additional interest, if any, to, but not including, the redemption date. In addition, we may redeem up to 35% of the aggregate principal amount of the notes using net proceeds from certain equity offerings completed on or prior to July 15, 2016 at a redemption price equal to 109.875% of the aggregate principal amount of the notes together with any accrued and unpaid interest and additional interest, if any, to, but not including, the redemption date.

Mandatory Repurchase Offer

If we sell certain assets or experience specific kinds of changes in control, we must offer to repurchase the notes at prices listed under Description of Notes Repurchase at the Option of Holders.

Certain Covenants

The indenture governing the notes contains covenants that impose significant restrictions on our business. The restrictions that these covenants place on us and our restricted subsidiaries include limitations on our ability and the ability of our restricted subsidiaries to, among other things:

incur additional indebtedness or issue disqualified stock or preferred stock;

make investments;

pay dividends and make other restricted payments;

sell assets;

create liens;

consolidate, merge, sell or otherwise dispose of all or substantially all of our assets;

enter into transactions with our affiliates; and

designate our subsidiaries as unrestricted subsidiaries.

These covenants are subject to important exceptions and limitations, which are described under Description of Notes. At any time the notes are rated investment grade by Moody's Investor Services, Inc.

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and Standard & Poor's Rating Services, certain covenants will be suspended for so long as such investment grade rating is maintained. See Description of Notes Certain Covenants Changes in Covenants When Notes Rated Investment Grade.

No Listing

We do not intend to apply for listing of any of the new notes on any securities exchange or for quotation through any annotated quotation system and a trading market for the new notes may not develop.

Risk Factors

Investment in the notes involves certain risks. You should carefully consider the information under Risk Factors in this prospectus and those included in the 2013 Form 10-K, as well as all other information included in this prospectus before investing in the notes.

Adoption of ASU 2013-2

As previously disclosed in our Annual Report on Form 10-K for the year ended March 31, 2013 and in our Quarterly Reports on Form 10-Q for the quarters ended June 30, 2013 and September 30, 2013, which are incorporated herein by reference, on April 1, 2013, the Company adopted ASU 2013-2, *Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*.

ASU 2013-2 requires additional disclosure related to the effects of significant reclassifications out of accumulated other comprehensive income by component. The adoption of this standard did not have a material impact on the Company's financial position or results of operations but resulted in an additional footnote disclosure. The following financial information revises historical information to illustrate the new presentation required by this pronouncement for the periods presented.

The following tables set forth the changes in each component of accumulated other comprehensive loss, net of tax, attributable to the Company:

	Currency Translation Adjustment	Pensions, Net of Tax	Accumulated Other Comprehensive Loss
Balances, March 31, 2010	\$ (3,691)	\$ (17,638)	\$ (21,329)
Other comprehensive earnings before reclassifications	2,315		2,315
Amounts reclassified to net earnings, net of tax		(2,789)	(2,789)
Other comprehensive earnings, net of tax	2,315	(2,789)	(474)
Balances, March 31, 2011	(1,376)	(20,427)	(21,803)
Other comprehensive earnings before reclassifications	(1,546)		(1,546)
Amounts reclassified to net earnings, net of tax		(15,324)	(15,324)

Other comprehensive earnings, net of tax	(1,546)	(15,324)	(16,870)
Balances, March 31, 2012	(2,922)	(35,751)	(38,673)
Other comprehensive losses before reclassifications	(2,802)		(2,802)
Amounts reclassified to net earnings, net of tax		(13,717)	(13,717)
Other comprehensive losses, net of tax	(2,802)	(13,717)	(16,519)
Balances, March 31, 2013	\$ (5,724)	\$ (49,468)	\$ (55,192)

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The following table sets forth amounts by component, reclassified from accumulated other comprehensive loss to earnings for the years ended March 31, 2013, 2012 and 2011:

	Years Ended March 31,		
	2013	2012	2011
Pension and postretirement plans (1):			
Actuarial loss	\$ (13,491)	\$ (11,847)	\$ (1,184)
Amortization of prior service cost	(1,455)	(3,057)	(1,579)
Deferred taxes	1,229	(420)	(26)
	\$ (13,717)	\$ (15,324)	\$ (2,789)
Amounts reclassified from accumulated other comprehensive losses to net earnings	\$ (13,717)	\$ (15,324)	\$ (2,789)

- (1) Amounts are included in net periodic benefit costs for pension and postretirement plans. See Note 13 Pension and Postretirement Benefits to the Notes to Condensed Consolidated Financial Statements included in the 2013 Form 10-K for further information.

Table of Contents**Summary Consolidated Financial Data**

The following tables present summary consolidated financial data of Alliance One for the three fiscal years ended March 31, 2013, 2012 and 2011, which have been derived from our audited consolidated financial statements and related notes for such periods, and for our six months ended September 30, 2013 and 2012, which have been derived from our unaudited condensed consolidated financial statements and related notes for such periods, in each case incorporated by reference into this prospectus, except for summary consolidated balance sheet data at March 31, 2011 which have been derived from audited consolidated financial statements not incorporated by reference into this prospectus. Our summary consolidated financial information is not necessarily indicative of our future performance. The data provided in this table are only summary and do not provide all of the data contained in our financial statements. The summary historical financial data presented below should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and our historical consolidated financial statements, including the notes thereto, in the 2013 Form 10-K and the September 30, 2013 Form 10-Q, which are incorporated by reference into this prospectus.

	Six Months Ended		Years Ended March 31,		
	September 30,	2012	2013	2012	2011
	(dollars in thousands)				
Statement of Operations Data:					
Sales and other operating revenues	\$ 1,084,567	\$ 934,181	\$ 2,243,816	\$ 2,150,767	\$ 2,094,062
Cost of goods and services sold	972,103	805,655	1,958,570	1,863,115	1,817,243
Gross profit	112,464	128,526	285,246	287,652	276,819
Selling, general and administrative expenses	70,132	72,076	145,750	147,558	157,920
Other income (expense)	745	1,347	20,721	15,725	37,442
Restructuring and asset impairment charges (recoveries)	2,776		(55)	1,006	23,467
Operating income (loss)	40,301	55,103	160,272	154,813	132,874
Debt retirement expense	55,599		1,195		4,584
Interest expense	60,527	56,891	114,557	106,804	102,696
Interest income	3,845	2,119	6,547	6,149	7,255
Income (loss) before income taxes and other items	(71,980)	331	51,067	54,158	32,849
Income tax expense	11,159	13,140	27,992	25,039	107,460
Equity in net income (loss) of investee companies	320	850	1,637	72	2,463
Net income (loss)	(82,819)	(11,959)	24,712	29,191	(72,148)
Less: Net income (loss) attributable to noncontrolling interests	25	416	699	(260)	(597)
Net income (loss) attributable to Alliance One International, Inc.	\$ (82,844)	\$ (12,375)	\$ 24,013	\$ 29,451	\$ (71,551)

Balance Sheet Data (at period end):

Cash and equivalents	\$ 85,430	\$ 194,717	\$ 92,026	\$ 119,743	\$ 43,506
Working capital	662,210	948,811	843,803	828,681	846,860
Current liabilities:					
Notes payable to banks(1)	668,919	491,207	356,836	374,532	231,407
Advances from customers	113,484	55,727	16,817	14,876	17,576
Long-term debt current	56,173	51,268	6,349	7,050	784
Long-term debt	721,652	962,327	830,870	821,453	884,371
Other long-term liabilities	112,407	130,661	117,726	148,805	137,532
Total stockholder's equity of Alliance One International, Inc.	263,963	320,076	338,393	327,482	312,813
Total assets	2,120,642	2,231,170	1,911,579	1,949,845	1,808,330

Other Financial Data:

Net cash provided (used) by operating activities	\$ (169,822)	\$ (210,916)	\$ (1,634)	\$ 58,970	\$ (183,107)
Net cash used by investing activities	(11,452)	(12,875)	(13,211)	(65,070)	(15,901)
Net cash provided (used) by financing activities	175,926	299,006	(14,061)	80,939	112,950
Capital expenditures	11,937	20,433	39,860	43,846	69,525
EBITDA(2)	6,054	74,245	200,373	194,437	166,821
Adjusted EBITDA(2)	68,255	82,325	219,102	208,057	191,695
Ratio of total net debt, as adjusted, to Adjusted EBITDA(2)(3)			5.43x		
Ratio of Adjusted EBITDA to interest expense, net, as adjusted(2)(4)			1.93x		

(1) Primarily foreign seasonal lines of credit. See Description of Other Indebtedness Foreign Seasonal Lines of Credit.

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(2) We define EBITDA as net income (loss) attributable to Alliance One International, Inc. before interest expense, income tax expense, and depreciation and amortization expense. We calculate Adjusted EBITDA, in a manner consistent with the calculation of Consolidated EBITDA under the terms of our senior secured revolving credit facility, as in force at the respective period end, by adjusting EBITDA for the additional items set forth in the reconciliation table below. EBITDA and Adjusted EBITDA do not represent, and should not be considered as, an alternative to net income or cash flows from operating activities, each as determined in accordance with generally accepted accounting principles in the United States (GAAP). We have presented EBITDA and Adjusted EBITDA because we believe they are frequently used by investors. We use Adjusted EBITDA for the measurement of our performance relative to certain covenants under our senior secured revolving credit facility. See Description of Other Indebtedness Senior Secured Revolving Credit Facility Financial Covenants. We use EBITDA as a component in the calculation of Adjusted EBITDA. Other companies may calculate EBITDA and Adjusted EBITDA differently than we do. EBITDA and Adjusted EBITDA are not measures of performance under GAAP and should not be considered as a substitute for net income or cash flows from operating activities as determined in accordance with GAAP. EBITDA and Adjusted EBITDA have limitations as analytical tools, and you should not consider them in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are: EBITDA and Adjusted EBITDA do not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments; EBITDA and Adjusted EBITDA do not reflect interest expense or the cash requirements necessary to service interest or principal payments on our debt; EBITDA and Adjusted EBITDA do not reflect income tax expense or the cash requirements necessary to pay for income tax obligations; and although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA and Adjusted EBITDA do not reflect any cash requirements for such replacements. In evaluating Adjusted EBITDA, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in this presentation. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

The following table sets forth the reconciliation of net income (loss) attributable to Alliance One International, Inc. to EBITDA and Adjusted EBITDA for the periods indicated:

	Six Months Ended		Years Ended March 31,		
	September 30, 2013	2012	2013	2012	2011
			(unaudited)		
	(in thousands)				
Net income (loss) attributable to Alliance One International, Inc.	\$ (82,844)	\$ (12,375)	\$ 24,013	\$ 29,451	\$ (71,551)
Interest expense	60,527	56,891	114,557	106,804	102,696
Income tax expense	11,159	13,140	27,992	25,039	107,460
Depreciation and amortization expense	17,212	16,589	33,811	33,143	28,216
EBITDA	6,054	74,245	200,373	194,437	166,821
Stock compensation expense, net(a)	1,712	3,297	4,520	2,618	2,874
Restructuring and asset impairment charges (recoveries), net(b)	303			2,767	17,064
Deferred financing costs(c)					2,322

Debt retirement expense(d)	55,466				
Expenses related to commercialization of Alert business(e)				2,855	
EBITDA of deconsolidated entity(f)	1,891	3,502	9,390	5,291	2,614
Eliminate EBITDA of WLT entities(g)	(536)	1,281	4,819	89	
FCPA settlement expenses(h)	2,038	N/A	N/A	N/A	N/A
Cost of minority ownership investment with JV customer(i)	1,327	N/A	N/A	N/A	N/A
Adjusted EBITDA	\$ 68,255	\$ 82,325	\$ 219,102	\$ 208,057	\$ 191,695

- (a) Represents stock compensation expense net of amounts in excess of permitted adjustments in the calculation of Consolidated EBITDA under the agreement governing our existing senior secured revolving credit facility, as calculated below.

	Six Months Ended		Years Ended March 31,		
	2013	2012	2013	2012	2011
			(unaudited)		
			(in thousands)		
Stock compensation expense	\$ 1,712	\$ 3,297	\$ 4,520	\$ 2,618	\$ 4,609
Excess permitted stock compensation expense					(1,735)
Stock compensation expense, net	\$ 1,712	\$ 3,297	\$ 4,520	\$ 2,618	\$ 2,874

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- (b) Represents restructuring and asset impairment charges (recoveries) net of amounts in excess of permitted adjustments in the calculation of Consolidated EBITDA under the agreement governing our existing senior secured revolving credit facility, as calculated below.

	Six Months Ended				
	September 30,		Years Ended March 31,		
	2013	2012	2013	2012	2011
	(unaudited)				
	(in thousands)				
Restructuring and asset impairment charges (recoveries)	\$ 2,776	\$	\$ (55)	\$ 1,006	\$ 23,467
Excess permitted restructuring and asset impairment charges (recoveries)	(2,473)		55	1,761	(6,403)
Restructuring and asset impairment charges (recoveries), net	\$ 303	\$	\$	\$ 2,767	\$ 17,064

- (c) Deferred financing costs represent unamortized original issue discount and other deferred financing costs extinguished upon our repurchase of our related outstanding indebtedness in the fiscal year ended March 31, 2012.
- (d) For the six months ended September 30, 2013, excludes \$133 of debt retirement expense attributable to our World Leaf Trading subsidiaries.
- (e) Reflects the exclusion of costs and expenses associated with the commercialization of our former Alert business for fiscal quarters ending on or prior to December 31, 2011. In the fiscal year ended March 31, 2012, we divested a majority interest in the Alert business to a third party.
- (f) Reflects the EBITDA of our deconsolidated Zimbabwe subsidiaries, as calculated below. In 2006 as a result of the political environment, economic instability, foreign currency controls and governmental regulations in Zimbabwe, we deconsolidated our Zimbabwe subsidiaries. Governmental authorization is required before any dividends can be paid from our Zimbabwe subsidiaries. The inclusion of the results of our Zimbabwe subsidiaries in the calculation of Adjusted EBITDA does not represent a determination that the Zimbabwe subsidiaries should be consolidated.

The following table sets forth a reconciliation of net income (loss) of our deconsolidated Zimbabwe subsidiaries to EBITDA for the periods indicated:

	Six Months Ended		Years Ended March 31,		
	September 30,	2012	2013	2012	2011
	(unaudited)				
	(in thousands)				
Net income (loss)	\$ (3,328)	\$ (930)	\$ 1,087	\$ (1,286)	\$ (2,188)
Interest expense	4,135	3,636	6,806	5,095	3,903
Income tax expense (gain)	(17)	(17)	(35)	(35)	(127)

Depreciation and amortization expense	1,101	813	1,532	1,517	1,026
EBITDA	\$ 1,891	\$ 3,502	\$ 9,390	\$ 5,291	\$ 2,614

- (g) Reflects the elimination of the EBITDA, as calculated below, of our World Leaf Trading subsidiaries which were organized to finance the acquisition through subsidiaries, for resale to customers, of tobacco leaf during a period of oversupply during the fiscal year ended March 31, 2012. The results of these World Leaf Trading subsidiaries are included in our consolidated financial statements and the operations of the World Leaf Trading subsidiaries are winding down as acquired inventory has primarily been sold.

The following table sets forth a reconciliation of net loss of our World Leaf Trading subsidiaries to EBITDA for the periods indicated:

	Six Months Ended		Years Ended March 31,		
	September 30,	2012	2013	2012	2011
	(unaudited)				
	(in thousands)				
Net income (loss)	\$ (450)	\$ 2,351	\$ (7,532)	\$ (442)	\$
Interest expense	51	(636)	2,713	353	
Income tax expense					
Depreciation and amortization expense	(137)	(434)			
EBITDA	\$ (536)	\$ 1,281	\$ (4,819)	\$ (89)	\$

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- (h) Reflects expenses related to the independent compliance monitor retained in accordance with the 2010 settlements with the Securities and Exchange Commission and the U.S. Department of Justice to resolve their investigations regarding potential criminal and civil violations of the Foreign Corrupt Practices Act. Inclusion of these expenses in the calculation of Adjusted EBITDA is permitted under our senior secured revolving credit facility for periods ending after August 1, 2013.
- (i) Reflects costs related to a pending specified joint venture with a customer in which we are to have a minority ownership investment, which costs would not have been incurred in the absence of the contemplated joint venture. Inclusion of these expenses in the calculation of Adjusted EBITDA is permitted under our senior secured revolving credit facility for periods ending after August 1, 2013.
- (3) Ratio of total net debt, as adjusted, to Adjusted EBITDA is calculated as the ratio of our total debt less cash and cash equivalents at year end, in each case as adjusted to give effect to the Refinancing Transactions, to Adjusted EBITDA for the year. The table below presents our total debt and cash and cash equivalents as adjusted to give effect to the Refinancing Transactions as if they had occurred on March 31, 2013.

	As of March 31, 2013	
	Actual	As Adjusted(a)
	(in thousands)	
Cash and cash equivalents	\$ 92,026	\$ 60,869
Short-term debt:		
Notes payable to banks(b)	\$ 356,836	\$ 356,836
Long-term debt current	6,349	6,349
Long-term debt:		
Senior secured revolving credit facility(c)	95,000	95,000
10% senior notes due 2016(d)	635,000	
5 1/2% convertible senior subordinated notes due 2014	115,000	55,000
9.875% senior secured second lien notes due 2021(e)		735,000
Other long-term debt	1,854	1,854
Total debt	1,210,039	1,250,039

- (a) The As Adjusted column gives effect to the Refinancing Transactions after the payment of commissions and fees and expenses payable by us in respect of the Refinancing Transactions.
- (b) Primarily foreign seasonal lines of credit. See Description of Other Indebtedness Foreign Seasonal Lines of Credit.
- (c) As of March 31, 2013, after giving effect to the Refinancing Transactions, an additional \$208,900, representing the full remaining availability of the senior secured revolving credit facility, would have been available for borrowing under our senior secured revolving credit facility. For a description of the material terms of our senior secured revolving credit facility, see Description of Other Indebtedness Senior Secured Revolving Credit Facility.
- (d) Amount shown is equal to \$619,016 outstanding principal amount plus \$15,984 of unamortized original issue discount that will be expensed in the period in which the Senior Notes were redeemed.
- (e) Represents the aggregate principal amount of the notes and does not include any original issue discount. This measure is calculated in a manner different from the similarly termed ratio under our senior secured revolving credit facility and should not be used in evaluating past or future compliance with the leverage ratio financial covenant

under our senior secured revolving credit facility discussed in Description of Other Indebtedness Senior Secured Revolving Credit Facility Financial Covenants.

(4) Interest expense, net consists of interest expense less interest income, as adjusted to give effect to the Refinancing Transactions as if they had occurred on April 1, 2012.

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RISK FACTORS

Before tendering old notes, prospective participants in the exchange offer should carefully consider the risks described below and all of the information contained or incorporated by reference into this prospectus, including matters discussed under Risk Factors in the 2013 Form 10-K. The risks and uncertainties described below and in such incorporated documents are not the only risks and uncertainties that we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. If any of those risks actually occurs, our business, financial condition and results of operations would suffer. The risks discussed below also include forward-looking statements and our actual results may differ substantially from those discussed in these forward-looking statements. See Cautionary statement regarding forward-looking statements in this prospectus. The new notes, like the old notes, entail the following risks:

Risks Related to Our Notes and the Collateral

Our company structure results in significant structural subordination of the notes and may affect our ability to make payments on the notes.

We currently conduct a substantial majority of our operations through our subsidiaries and our subsidiaries generate a substantial majority of our operating income and cash flow. As a result, our cash flow and our ability to service debt, including our ability to pay the interest on and principal of the notes when due, are dependent to a significant extent on interest payments, cash dividends and distributions and other transfers of cash from our subsidiaries. Moreover, payments to us by our subsidiaries will be contingent upon these subsidiaries' earnings. In addition, any payment of interest, dividends, distributions, loans or advances by our foreign subsidiaries to us could be subject to taxation or other restrictions on dividends or repatriation of earnings under applicable local law, monetary transfer restrictions and foreign currency exchange regulations in the jurisdiction in which our foreign subsidiaries operate.

None of our subsidiaries initially guaranteed the notes, and only material domestic subsidiaries will be required to guarantee the notes if the subsidiary qualifies as a significant subsidiary as defined in the indenture. Our subsidiaries are separate and distinct legal entities and, unless they become a guarantor of the notes, have no obligations, contingent or otherwise, to pay any amounts due pursuant to the notes, or to make any funds available therefor, whether by dividends, loans, distributions or other payments. Thus, the notes are structurally subordinated to all existing and future liabilities, including trade payables, of our non-guarantor subsidiaries. In the event of a bankruptcy, liquidation or dissolution of a subsidiary, the creditors of such subsidiary will be paid first, after which the subsidiary may not have sufficient assets remaining to make any payments to us as a shareholder or otherwise so that we can meet our obligations under the notes. In addition, the indenture governing the notes does not restrict the ability of our subsidiaries to incur additional indebtedness.

We finance a significant amount of our operations through seasonal lines of credit maintained by our subsidiaries, and certain of our foreign subsidiaries are borrowers or guarantors of certain indebtedness under our senior secured revolving credit facility. As of September 30, 2013, our subsidiaries had \$714.1 million of indebtedness and other non-contingent liabilities (including trade payables). In addition, our subsidiaries had \$121.6 million of contingent liabilities in the form of guarantees of the indebtedness of third parties. Our subsidiaries generated approximately 82% of our consolidated revenues in the twelve-month period ended March 31, 2013 and held approximately 77% of our consolidated assets as of September 30, 2013.

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

We have a significant amount of indebtedness and debt service obligations. As of September 30, 2013, we had approximately \$1,461.2 million of indebtedness. If we add new indebtedness to our current indebtedness levels, the related risks that we now face could increase.

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Our substantial debt could have important consequences for you, including:

making it more difficult for us to satisfy our obligations with respect to the notes and our other obligations;

limiting 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 making principal and interest payments under the notes and for other purposes and makes us more vulnerable to a decrease in demand for leaf tobacco, increases in our operating costs or general economic or industry conditions;

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;

increasing our vulnerability to general adverse economic and industry conditions;

placing us at a competitive disadvantage compared to our competitors that have less debt or are less leveraged;

limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; and

restricting us from making strategic acquisitions or exploiting business opportunities.

In addition, the indenture governing the notes and the agreement governing our senior secured revolving credit facility each contains covenants that 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 which, if not cured or waived, could result in the acceleration of all of our debt. Also, a substantial portion of our debt, including borrowings under our senior secured revolving credit facility, bears interest at variable rates. If market interest rates increase, variable-rate debt will create higher debt service requirements, which would adversely affect our cash flow. While we may enter into agreements limiting our exposure to higher debt service requirements, any such agreements may not offer complete protection from this risk.

Despite current indebtedness levels, we may still be able to incur substantially more debt. This could exacerbate further the risks associated with our significant leverage.

We may be able to incur substantial additional indebtedness in the future. The indenture governing the notes and the credit agreement governing our senior secured revolving credit facility each restricts, but does not completely prohibit,

us from doing so. Our senior secured revolving credit facility provides for a revolving credit line at an initial level of \$303.9 million and automatically reduces to \$210.3 million in April 2014. As of September 30, 2013, we had no outstanding borrowings under the senior secured revolving credit facility and \$303.9 million was available for borrowing under the senior secured revolving credit facility. If new debt is added to our current debt levels, the risks discussed above could intensify.

Our debt agreements will contain restrictions that limit our flexibility in operating our business.

The indenture governing the notes and our senior secured revolving credit facility contain a number of significant covenants. These covenants limit our ability to, among other things:

incur additional indebtedness;

issue preferred stock;

merge, consolidate or dispose of substantially all of our assets;

grant liens on our assets;

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pay dividends, redeem stock or make other distributions or restricted payments;

repurchase or redeem capital stock or prepay subordinated debt;

make certain investments;

agree to restrictions on the payment of dividends to us by our subsidiaries;

sell or otherwise dispose of assets, including equity interests of our subsidiaries;

enter into transactions with our affiliates; and

enter into certain sale and leaseback transactions.

Our senior secured revolving credit facility requires us to periodically satisfy certain financial tests. Complying with these covenants and tests may cause us to take actions that we otherwise would not take or not take actions that we otherwise would take. The failure to comply with these covenants and tests would cause a default under the senior secured revolving credit facility and under the indenture and would prevent us from taking certain actions, such as incurring additional debt, paying dividends or redeeming senior notes or subordinated debt. A default, if not waived, could result in the debt under our senior secured revolving credit facility and the indenture becoming immediately due and payable and could result in a default or acceleration of our other indebtedness with cross-default provisions. If this occurs, we may not be able to pay our debt or borrow sufficient funds to refinance it. Even if new financing is available, it may not be on terms that are acceptable to us.

We will require a significant amount of cash to service our indebtedness. Our ability to generate cash depends on many factors beyond our control.

Our ability to make payments on and to refinance our indebtedness, including these notes, and to fund planned capital expenditures will depend on our ability to generate cash in the future. This is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us under our senior secured revolving credit facility or otherwise in an amount sufficient to enable us to pay our indebtedness, including the notes, or to fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness, including the notes, on or before maturity. We cannot assure you that we will be able to refinance any of our debt, including our senior secured revolving credit facility and these notes, on commercially reasonable terms or at all. Additionally, to the extent permitted under our senior secured revolving credit facility and indentures, we may repurchase, repay or tender for our bank debt, senior notes or other debt, which may place pressure on future cash requirements to the extent that the debt repurchased, repaid or tendered cannot be redrawn.

The intercreditor agreement substantially limits the ability of holders of the notes to exercise rights and remedies with respect to the collateral.

The rights of the holders of the notes with respect to the collateral securing the notes are substantially limited by the provisions in the intercreditor agreement. Under the terms of the intercreditor agreement, at any time that any priority lien debt, including obligations pursuant to our senior secured revolving credit facility, is outstanding, almost any action that may be taken in respect of the collateral, including the rights to exercise remedies with respect to, challenge the liens on, or object to actions taken with respect to the collateral will be at the direction of the holders of the obligations secured by the priority liens on the collateral, and the collateral trustee, on behalf of the holders of the notes, will not have the ability to control or direct such actions, even if the rights of the holders of the notes are adversely affected.

In addition, the intercreditor agreement contains certain provisions benefiting holders of indebtedness under our senior secured revolving credit facility that prevent the collateral trustee, on behalf of the holders of the notes, from objecting to a number of important matters following the filing of a bankruptcy. After such filing, the value of the collateral could materially deteriorate and holders of the notes would be unable to raise an objection. See [Description of Notes Intercreditor Agreement](#).

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Your rights to enforce remedies under the security documents are limited by the voting provisions of security documents.

A collateral trustee (directly or through co-trustees or sub-trustees) holds, and is entitled to enforce, all liens on the collateral on behalf of the holders of the notes and any future indebtedness secured equally and ratably with the notes. Under the terms of the security documents, the collateral trustee will generally pursue remedies and take other action related to the collateral pursuant to the direction of the representative for the facility constituting the largest outstanding principal amount (or, in the case of any untermiated revolving facilities we may have in the future, the full commitment, whether used or unused) of the indebtedness and other obligations representing the shared collateral debt, including the notes. The notes will represent the only shared collateral debt outstanding at such time. However, the notes may not represent the largest facility of the share collateral debt at any time in the future. In such event, holders of such other indebtedness will have a right to control all remedies and the taking of other actions related to the collateral without the consent of the holders of the notes or the trustee under the indenture so long as such other indebtedness is outstanding. In addition, as noted below under [The rights of holders of the notes with respect to the collateral are limited by the terms of the intercreditor agreement](#), even if the holders of the notes are able to direct the collateral trustee, the collateral trustee has agreed in the intercreditor agreement not to take any action to foreclose on the collateral while our senior secured revolving credit facility or other indebtedness secured by a first priority lien is outstanding.

The rights of holders of the notes with respect to the collateral are limited by the terms of the intercreditor agreement.

Under the terms of the intercreditor agreement, at any time that obligations that have the benefit of the first priority liens on the collateral are outstanding, any actions that may be taken in respect of the collateral, including the ability to cause the commencement of enforcement proceedings against the collateral and to control the conduct of such proceedings, and the approval of amendments to, releases of collateral from the lien of, and waivers of past defaults under, the security documents, will be at the direction of the holders of the obligations secured by the first priority liens, and neither the trustee nor the collateral trustee on behalf of the holders of the notes, will have the ability to control or to direct such actions, even if the rights of the holders of the notes are adversely affected, subject to certain exceptions. See [Description of Notes Security](#) and [Description of Notes Amendments and Waivers](#). Under the terms of the intercreditor agreement, at any time that obligations that have the benefit of the first priority liens on the collateral are outstanding, if the holders of such indebtedness release the collateral for any reason whatsoever, including, without limitation, in connection with any sale of assets, the second priority security interest in such collateral securing the notes will be automatically and simultaneously released without any consent or action by the holders of the notes, subject to certain exceptions. The collateral so released will no longer secure the Company's obligations under the notes. In addition, because the holders of the indebtedness secured by first priority liens in the collateral control the disposition of the collateral, such holders could decide not to proceed against the collateral, regardless of whether there is a default under the documents governing such indebtedness or under the indenture. In such event, subject to certain limited exceptions, the only remedy available to the holders of the notes would be to sue for payment on the notes and any related guarantees and any judgment lien obtained would also be subject to the subordination and other provisions of the intercreditor agreement. In addition, the intercreditor agreement gives the holders of first priority liens on the collateral the right to access and to use the collateral that secures the notes to allow those holders to protect the collateral and to process, store and dispose of the collateral.

Delivery of mortgages or security interests in other collateral after the original issue date of the notes increases the risk that the mortgages or other security interests could be avoidable in bankruptcy.

Certain collateral (including mortgages) was secured after the original issue date of the notes. If the grantor of such security interest were to become subject to a bankruptcy proceeding after the issue date of the notes, any mortgage or security interest in collateral delivered after the issue date of the notes would face a greater risk than security interests in place on the issue date of being avoided by the pledgor (as debtor in possession) or by its

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trustee in bankruptcy as a preference under Title 11 of the U.S. Bankruptcy Code (the "U.S. Bankruptcy Code") if certain events or circumstances exist or occur, including if the pledgor is insolvent at the time of the pledge, the pledge permits the holders of the notes to receive a greater recovery than if the pledge had not been given and a bankruptcy proceeding in respect of the pledgor is commenced within 90 days following the pledge, or, in certain circumstances, a longer period. To the extent that the grant of any such mortgage or other security interest is avoided as a preference, you would lose the benefit of the mortgage or security interest.

The notes will be secured only to the extent of the value of the assets that have been granted as security for the notes, which may not be sufficient to satisfy all or any of our obligations under the notes.

The notes are secured by a second priority lien on collateral that is shared with the obligations under our senior secured revolving credit facility. However, in the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding against us or any future material domestic subsidiary, the collateral must be used first to pay the obligations outstanding under our senior secured revolving credit facility in full before making any payments on the notes. Accordingly, the notes and the guarantees will be effectively subordinated to our and the guarantors indebtedness under our senior secured revolving credit facility and any other indebtedness similarly secured with first-priority liens on the collateral.

Additionally, no appraisals of any of the collateral have been prepared by us or on behalf of us in connection with this offering. The fair market value of the collateral is subject to fluctuations based on factors that include, among others, our ability to implement our business strategy, the ability to sell the collateral in an orderly sale, general economic conditions, the availability of buyers and similar factors. In addition, courts could limit recoverability if they apply non-New York law to a proceeding and deem a portion of the interest claim usurious in violation of public policy. The amount to be received upon a sale of any collateral would be dependent on numerous factors, including but not limited to the actual fair market value of the collateral at such time, general, market and economic conditions and the timing and the manner of the sale.

In addition, the collateral securing the notes will be subject to liens permitted under the terms of the indenture governing the notes whether arising on or after the date the notes are issued, including the liens securing obligations under our senior secured revolving credit facility. The existence of any permitted liens could adversely affect the value of the collateral securing the notes, as well as the ability of the collateral trustee to realize or foreclose on such collateral.

There also can be no assurance that the collateral will be saleable and, even if saleable, the timing of its liquidation is uncertain. To the extent that liens, rights or easements granted to third parties encumber assets located on property owned by us, such third parties have or may exercise rights and remedies with respect to the property subject to such liens that could adversely affect the value of the collateral and the ability of the collateral trustee to realize or foreclose on the collateral. By its nature, some or all of the collateral may be illiquid and may have no readily ascertainable market value. In the event that a bankruptcy case is commenced by or against us, if the value of the collateral is less than the amount of principal and accrued and unpaid interest on the notes and all other senior secured obligations, if any, interest may cease to accrue on the notes from and after the date the bankruptcy petition is filed. In the event of a foreclosure, liquidation, bankruptcy or similar proceeding, we cannot assure you that the proceeds from any sale or liquidation of the collateral will be sufficient to pay the obligations due under the notes after repayment in full of obligations under our senior secured revolving credit facility.

In addition, not all of our assets will secure the notes. See "Description of Notes Security." For example, the collateral will not include, among other things:

the stock of foreign subsidiaries, including material foreign subsidiaries, that are not first tier subsidiaries;

the voting capital stock of material first tier foreign subsidiaries in excess of 65% of the voting power of such capital stock;

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the stock of any domestic subsidiary not directly held by Alliance One or by any material domestic subsidiary (currently, we do not have any material domestic subsidiaries);

all owned real estate other than Alliance One's cut rag facility located adjacent to Baldree Road in Wilson, North Carolina;

all other tangible property other than U.S. inventory;

certain intangible property, including contract rights; or

any of the other items excluded from the collateral, as described under "Description of Notes Security." If the value of the assets pledged as security for the notes, the obligations under our senior secured revolving credit facility and other liabilities is less than the value of the claims of the holders of the notes and other liabilities, those claims may not be satisfied in full before the claims of our unsecured creditors are paid.

Collateral securing the notes may be released without the consent of the holders in specified circumstances.

The collateral trust agreement provides that in the event that Rule 3-16 of Regulation S-X under the Securities Act requires or would require the filing with the SEC of separate financial statements of any affiliate of the Company due to the fact that such affiliate's securities secure the notes, then such securities shall automatically be deemed not to constitute security for the notes. Rule 3-16 of Regulation S-X requires separate financial statements for any subsidiary whose securities are collateral, if the book value or market value, whichever is greater, of its capital stock pledged as collateral equals 20% or more of the principal amount of the notes secured thereby. As a result of this collateral cutback provision in the collateral trust agreement, the book value or market value of any subsidiary's capital stock that represents the security interests of the holders of the notes is limited to \$147 million, which is 20% of the \$735 million in aggregate principal amount of the notes. The noteholders' security interest includes 65% of the capital stock of one of our material foreign subsidiaries, International Tobacco Funding, S.L.U., subject to the collateral cutback provision of the collateral trust agreement. We estimate that the book value as of September 30, 2013 of 65% of the capital stock of International Tobacco Funding, S.L.U. is approximately \$414.5 million. As the applicable value of our subsidiaries capital stock pledged as collateral to secure the notes or the outstanding principal amount of the notes changes, the subsidiaries impacted by the collateral cutback provision may change.

It may be difficult to realize the value of the collateral pledged to secure the notes, which may limit your recovery as secured creditors.

Our obligations under the notes are secured only by the collateral described in this prospectus. The collateral trustee's ability to foreclose on the collateral on your behalf may be subject to perfection, priority issues, state law requirements and practical problems associated with the realization of the collateral trustee's security interest or lien in the collateral, including cure rights, foreclosing on the collateral within the time periods permitted by third parties or prescribed by laws, statutory rights of redemption, and the effect of the order of foreclosure. Moreover, the collateral does not constitute sufficient assets necessary for the continuation of our operations.

Your interest in the collateral may be adversely affected by the failure to record and/or perfect security interests in certain collateral.

The security interests in the collateral securing the notes include a pledge of, or lien on, assets, whether now owned or acquired or arising in the future. Applicable law requires that certain property and rights acquired after the grant of a general security interest can only be perfected at the time such property and rights are acquired and identified. As a result, and even though it may constitute an event of default under the indenture governing the notes, a third party creditor of us or our subsidiaries could gain priority over the lien of one or more of the mortgages or deeds of trusts secured by the assets through the recordation of an intervening lien or liens, but only

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with respect to such after-acquired property. Although the indenture governing the notes contains customary further assurances covenants, the trustee is not required to and will not monitor the future acquisition of property and rights that constitute collateral and is not required to and will not take any action to perfect the security interest in such after-acquired collateral.

The value of the collateral securing the notes may not be sufficient to secure post-petition interest.

In the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding against us, holders of the notes will only be entitled to post-petition interest under the U.S. Bankruptcy Code to the extent that the value of their security interest in the collateral (after taking into account any other secured obligations) is greater than their pre-bankruptcy claim. Holders of the notes that have a security interest in collateral with a value equal to or less than their pre-bankruptcy claim will not be entitled to post-petition interest under the bankruptcy code. We have not conducted appraisals of any of our assets in connection with this offering and cannot assure you that the value of the noteholders' interest in their collateral equals or exceeds the principal amount of the notes.

We will in most cases have control over the collateral, and the sale of particular assets by us could reduce the pool of assets securing the notes.

The security documents allow us to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from, the collateral securing the notes. In addition, we will not be required to comply with all or any portion of Section 314(d) of the Trust Indenture Act of 1939 (the "Trust Indenture Act") if we determine, in good faith based on advice of counsel, that, under the terms of that section and/or any interpretation or guidance as to the meaning thereof of the SEC and its staff, including "no action" letters or exemptive orders, all or such portion of Section 314(d) of the Trust Indenture Act is inapplicable to the released collateral. For example, so long as no default or event of default under the indenture would result therefrom and such transaction would not violate the Trust Indenture Act, we may, among other things, without any release or consent by the trustee, conduct ordinary course activities with respect to collateral, such as selling, factoring, abandoning or otherwise disposing of collateral and making ordinary course cash payments (including repayments of indebtedness). See "Description of Notes Security."

The collateral securing the notes may be diluted under certain circumstances, which would adversely affect your recovery as a secured creditor.

The collateral may secure additional senior indebtedness that Alliance One or certain of its subsidiaries incurs in the future, subject to restrictions on their ability to incur debt and liens under the indenture governing the notes. Your rights to the collateral would be diluted by any increase in the indebtedness secured by this collateral.

The collateral is subject to casualty risks, which may limit your ability to recover for losses to our assets.

There are certain losses that may be either uninsurable or not economically insurable, in whole or in part. As a result, we cannot assure you that the insurance proceeds will compensate us fully for our losses. If there is a total or partial loss of any of the collateral securing the notes, we cannot assure you that the insurance proceeds, if any, received by us will be sufficient to satisfy all the secured obligations, including the notes.

In the event of a total or partial loss to any mortgaged facility and inventory, such facility or inventory may not be easily replaced. Accordingly, even though there may be insurance coverage, the extended period needed to construct a replacement facility or acquire inventory of equivalent quality could cause significant delays.

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We must offer to repurchase the notes upon a change of control, which could also result in an event of default under our senior secured revolving credit facility.

The indenture governing the notes requires that, upon the occurrence of a change of control, as such term is defined in the indenture, we must make an offer to repurchase the notes at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of repurchase.

Certain events involving a change of control will result in an event of default under our senior secured revolving credit facility and may result in an event of default under other indebtedness that we may incur in the future. An event of default under our senior secured revolving credit facility or other indebtedness could result in an acceleration of such indebtedness. See Description of Notes Repurchase at the Option of Holders. We cannot assure you that we would have sufficient resources to repurchase any of the notes or pay our obligations if the indebtedness under our senior secured revolving credit facility or other indebtedness were accelerated upon the occurrence of a change of control. The acceleration of indebtedness and our inability to repurchase all the tendered notes would constitute events of default under the indenture governing the notes. No assurance can be given that the terms of any future indebtedness will not contain cross default provisions based upon a change of control or other defaults under such debt instruments.

Federal and state statutes allow courts, under specific circumstances, to void guarantees and require note holders to return payments received from guarantors.

None of our subsidiaries initially guaranteed the notes, and only domestic subsidiaries will be required to guarantee the notes if the subsidiary qualifies as a significant subsidiary as defined in the indenture. Under the federal bankruptcy law and comparable provisions of state fraudulent transfer laws, a guarantee could be voided, or claims in respect of a guarantee could be subordinated to all other debts of that guarantor if, among other things, the guarantor, at the time it incurred the indebtedness evidenced by its guarantee:

received less than reasonably equivalent value or fair consideration for the incurrence of such guarantee;

was insolvent or rendered insolvent by reason of such incurrence;

was engaged in a business or transaction for which the guarantor's remaining assets constituted unreasonably small capital; or

intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature. In addition, any payment by that guarantor pursuant to its guarantee could be voided and required to be returned to the guarantor, or to a fund for the benefit of the creditors of the guarantor. The measures of insolvency for purposes of these fraudulent transfer laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, a guarantor would be considered insolvent if:

the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all of its assets;

if the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or

it could not pay its debts as they become due.

We cannot assure you that any future guarantees given by a domestic significant subsidiary or any payments by such a subsidiary in respect of such a guarantee will not be voidable.

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If there is no actual trading market for the notes, you may not be able to resell them quickly, for the price that you paid or at all.

We do not intend to apply for the notes to be listed on any securities exchange or to arrange for any quotation on any automated dealer quotation systems. Certain of the initial purchasers of the old notes currently make a market in the notes, but they are not obligated to do so. Each initial purchaser may discontinue any market making in the notes at any time, in its sole discretion. As a result, we cannot assure you as to the liquidity of any trading market for the notes.

We also cannot assure you that you will be able to sell your notes at a particular time or at all, or that the prices that you receive when you sell them will be favorable. If no active trading market develops, you may not be able to resell your notes at their fair market value, or at all. The liquidity of, and trading market for, the notes may also be adversely affected by, among other things:

prevailing interest rates;

our operating performance and financial condition;

the interest of securities dealers in making a market; and

the market for similar securities.

Historically, the market for non-investment grade debt has been subject to disruptions that have caused volatility in prices of securities similar to the notes. It is possible that the market for the notes will be subject to disruptions. Any disruptions may have a negative effect on noteholders, regardless of our prospects and financial performance.

If a bankruptcy petition were filed by or against us, holders of notes may receive a lesser amount for their claim than they would have been entitled to receive under the indenture governing the notes.

If a bankruptcy petition were filed by or against us under the U.S. Bankruptcy Code after the issuance of the notes, the claim by any holder of the notes for the principal amount of the notes may be limited to an amount equal to the sum of:

the original issue price for the notes; and

that portion of the original issue discount that does not constitute unmatured interest for purposes of the U.S. Bankruptcy Code.

Any original issue discount that was not amortized as of the date of the bankruptcy filing would constitute unmatured interest. Accordingly, holders of the notes under these circumstances may receive a lesser amount than they would be entitled to receive under the terms of the indenture governing the notes, even if sufficient funds are available.

The notes were issued with original issue discount for U.S. federal income tax purposes.

The old notes were issued with original issue discount for U.S. federal income tax purposes. Thus, in addition to the stated interest on the notes, U.S. holders will be required to include amounts representing the original issue discount in gross income on a constant yield basis for U.S. federal income tax purposes in advance of the receipt of cash payments to which such income is attributable, regardless of their method of accounting for U.S. federal income tax purposes.

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Many of the covenants contained in the indenture will be suspended if the notes are rated investment grade by Standard & Poor's and Moody's and no default has occurred and is continuing.

Many of the covenants in the indenture will be suspended if the notes are rated investment grade by Standard & Poor's and Moody's, provided at such time no default has occurred and is continuing. These covenants restrict, among other things, our ability to pay dividends on our common stock, to incur debt and to enter into certain other transactions. There can be no assurance that the notes will ever be rated investment grade. However, suspension of these covenants would allow us to engage in certain transactions that would not have been permitted while these covenants were in force, and the effects of any such transactions will be permitted to remain in place even if the notes are subsequently downgraded below investment grade and the covenants are reinstated. Please read "Description of Notes - Certain Covenants - Changes in Covenants When Notes Rated Investment Grade."

Risks Relating to Our Operations

Our reliance on a small number of significant customers may adversely affect our financial statements.

Our customers are manufacturers of cigarette and other tobacco products. Several of these customers individually account for a significant portion of our sales in a normal year.

For the year ended March 31, 2013, each of Philip Morris International, Inc., Japan Tobacco Inc., Imperial Tobacco Group PLC and China Tobacco International Inc., including their respective affiliates, accounted for more than 10% of our revenues from continuing operations. In addition, tobacco product manufacturers are experiencing consolidation, and further consolidation among our customers could decrease such customers' demand for our leaf tobacco or processing services. The loss of any one or more of our significant customers could have a material adverse effect on our financial statements.

Continued vertical integration by our customers could materially adversely affect our financial statements.

Demand for our leaf tobacco or processing services could be materially reduced if cigarette manufacturers continue to significantly vertically integrate their operations, either through acquisition of our competitors, establishing new operations or contracting directly with suppliers. In recent years, Japan Tobacco, Inc. vertically integrated operations in Malawi, Brazil and the United States. In addition, Philip Morris International, Inc. acquired supplier contracts and related assets in Brazil in order to procure leaf directly. Our results of operations were adversely affected by these initiatives. Further vertical integration by our customers could have a material adverse effect on our financial statements.

Global shifts in sourcing customer requirements may negatively impact our organizational structure and asset base.

The global leaf tobacco industry is experiencing shifts in the sourcing of customer requirements for tobacco. For example, significant tobacco production volume decreases have occurred in the United States, Zimbabwe and Western Europe from historical levels. At the same time, production volumes in other sourcing origins, such as Brazil and other areas of Africa, are stabilizing. Additional shifts in sourcing may occur as a result of currency fluctuations, including devaluation of the U.S. dollar. A shift in sourcing origins in Europe has been influenced by modifications to the tobacco price support system in the European Union. Customer requirements have changed due to these variations in production, which could influence our ability to plan effectively for the longer term in Europe.

We may not be able to timely or efficiently adjust to shifts in sourcing origins, and adjusting to shifts may require changes in our production facilities in certain origins and changes in our fixed asset base. We have incurred, and may continue to incur, restructuring charges as we continue to adjust to these shifts in sourcing. Adjusting our capacity and adjusting to shifts in sourcing may have an adverse impact on our ability to manage our costs, and could have an adverse effect on our financial performance.

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Our financial results will vary according to growing conditions, customer indications and other factors, which reduces your ability to gauge our quarterly and annual financial performance.

Our financial results, particularly the quarterly financial results, may be significantly affected by fluctuations in tobacco growing seasons and crop sizes which affect the supply of tobacco. Crop sizes may be affected by, among other things, crop infestation and disease, the volume of annual tobacco plantings and yields realized by suppliers and suppliers' elections to grow crops other than tobacco. 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.

The cost of acquiring tobacco can fluctuate greatly due to smaller crop sizes and increased competition in certain markets in which we purchase tobacco. For example, short crops in periods of high demand translate into higher average green prices, higher throughput costs and less volume to sell. Furthermore, large crops translate into lower average green prices, lower throughput costs and excess volume to sell.

Further, the timing and unpredictability of customer indications, orders and shipments cause us to keep tobacco in inventory, increase our risk and result in variations in quarterly and annual financial results. The timing of shipments can be materially impacted by shortages of containers and vessels for shipping as well as infrastructure and accessibility issues in ports we use for shipment. 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 us and our subsidiaries is based on the passage of ownership, usually with shipment of product. Because 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.

Suppliers who have historically grown tobacco and from whom we have purchased tobacco may elect to grow other crops instead of tobacco, which affects the world supply of tobacco and may impact our quarterly and annual financial performance.

Increases in the prices for other crops have led and may in the future lead suppliers who have historically grown tobacco, and from whom we have purchased tobacco, to elect to grow these other, more profitable items instead of tobacco. A decrease in the volume of tobacco available for purchase may increase the purchase price of such tobacco. As a result, we could experience an increase in tobacco crop acquisition costs that may impact our quarterly and annual financial performance.

Our advancement of inputs to tobacco suppliers could expose us to losses.

We advance seeds, fertilizer, pesticides and other products related to growing tobacco to our suppliers, which represent prepaid inventory, in many countries to allow the suppliers to grow tobacco, which we are contractually obligated to purchase. The advances to tobacco suppliers are settled as part of the consideration paid upon the suppliers delivering us unprocessed tobacco at market prices. Two primary factors determine the market value of the tobacco suppliers deliver to us: the quantity of tobacco delivered and the quality of the tobacco delivered. Unsatisfactory quantities or quality of the tobacco delivered could result in losses with respect to advances to our tobacco suppliers or the deferral of those advances.

When we purchase tobacco directly from suppliers, we bear the risk that the tobacco will not meet our customers' quality and quantity requirements.

In countries where we contract directly with tobacco growers, including Argentina, Brazil, the United States and certain African countries, we bear the risk that the tobacco delivered will not meet quality and quantity

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requirements of our customers. If the tobacco does not meet such market requirements, we may not be able to sell the tobacco we agreed to buy and may not be able to meet all of our customers' orders, which would have an adverse effect on profitability and results of operations.

Weather and other conditions can affect the marketability of our inventory.

Like other agricultural products, the quality of tobacco is affected by weather and the environment, which can change the quality or size of the crop. If a weather event is particularly severe, such as a major drought or hurricane, the affected crop could be destroyed or damaged to an extent that it would be less desirable to our customers, which would result in a reduction in revenues. If such an event is also widespread, it could affect our ability to acquire the quantity of products required by customers. In addition, other items can affect the marketability of tobacco, including, among other things, the presence of:

non-tobacco related material;

genetically modified organisms; and

excess residues of pesticides, fungicides and herbicides.

A significant event impacting the condition or quality of a large amount of any of the tobacco crops we buy could make it difficult for us to sell such tobacco or to fill our customers' orders. In addition, in the event of climate change, adverse weather patterns could develop in the growing regions in which we purchase tobacco. Such adverse weather patterns could result in more permanent disruptions in the quality and size of the available crop, which could adversely affect our business.

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

We do business in more than 35 countries, some of which do not have stable economies or governments. Our international operations are subject to international business risks, including unsettled political conditions, uncertainty in the enforcement of legal obligations, including the collection of accounts receivable, expropriation, import and export restrictions, exchange controls, inflationary economies, 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 for the purchase of tobacco from suppliers. For example, in 2006 as a result of the political environment, economic instability, foreign currency controls and governmental regulations in Zimbabwe, we deconsolidated our Zimbabwe subsidiaries.

Our international operations are in areas where the demand is for the export of lower priced tobacco. We have significant investments in our purchasing, processing and exporting operations in Argentina, Brazil, Malawi, Tanzania and Turkey.

In recent years, economic problems in certain African countries have received wide publicity related to devaluation and appreciation of the local currency and inflation. Devaluation and appreciation can affect our purchase costs of tobacco and our processing costs. In addition, we conduct business with suppliers and customers in countries that have recently had or may be subject to dramatic political regime change, such as Tunisia and Egypt. In the event of such dramatic changes in the government of such countries, we may be unable to continue to operate our business, or

adequately enforce legal obligations, after the change in a manner consistent with prior practice.

We are subject to potentially inconsistent actions by the governments of certain foreign countries in which we operate, which may have a significant impact on our financial results. For example, in 2006, our concession to promote tobacco production in the Chifunde district of Mozambique was terminated by the government. Thereafter, we assessed our remaining Mozambique operations without the Chifunde district and determined that it was not in our economic interest to remain in Mozambique without this strategic district. Consequently, we discontinued our operations within Mozambique after the 2006 crop.

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We are subject to the Foreign Corrupt Practices Act (the FCPA) and we operate in jurisdictions that pose a high risk of potential FCPA violations.

We are subject to the FCPA, which generally prohibits companies and their intermediaries from making improper payments to foreign officials for the purpose of obtaining or keeping business and/or other benefits. We operate in a number of jurisdictions that pose a high risk of potential FCPA violations, and we are party to several joint ventures and make use of agents and intermediaries in our business. Although our corporate policy prohibits foreign bribery and we have adopted procedures to promote compliance, there is no assurance that our policy or procedures will work effectively all of the time or protect us against liability under the FCPA for actions taken by our agents, joint ventures, employees and intermediaries with respect to our business or any businesses that we acquire. Failure to comply with the FCPA, other anti-corruption laws and other laws governing the conduct of business with government entities (including local laws) could lead to criminal and civil penalties and other remedial measures (including further changes or enhancements to our procedures, policies, and controls, the imposition of a compliance monitor at our expense and potential personnel changes and/or disciplinary actions), any of which could have an adverse impact on our business, financial condition, results of operations and liquidity. Any investigation of any potential violations of the FCPA or other anti-corruption laws by U.S. or foreign authorities also could have an adverse impact on our business, financial condition and results of operations.

On August 6, 2010, we entered into settlement agreements with the United States Department of Justice (DOJ) and the SEC to resolve those agencies' investigations of the Company relating to alleged violations under the FCPA that occurred prior to the merger that formed the Company in May 2005. Pursuant to the settlement negotiated with DOJ, two of the Company's foreign subsidiaries, Alliance One Tobacco Osh, LLC and Alliance One International AG (successors to DIMON International (Kyrgyzstan) and DIMON International AG, respectively), agreed to plead guilty to FCPA violations committed by DIMON International (Kyrgyzstan) and DIMON International AG prior to the merger creating the Company, and to pay fines totaling \$9.45 million. Additionally, the Company entered into a non-prosecution agreement by the terms of which the DOJ agreed not to prosecute the Company if, for a period of three years, the Company met its obligations as set out in the agreement. On October 21, 2010, the U.S. District Court for the Western District of Virginia in Danville, Virginia accepted these guilty pleas and entered a judgment consistent with the terms of the settlement agreement. The settlement negotiated with the SEC includes the Company's agreement to disgorge profits in the amount of \$10.0 million and to abide by an injunction against further FCPA violations. On August 26, 2010, the U.S. District Court for the District of Columbia approved the terms of the settlement with the SEC and entered the injunction contemplated by the settlement agreement. Both settlements required the Company to retain an independent compliance monitor for a term of three years.

Our exposure to changes in foreign tax regimes could adversely impact our business.

We do business in countries that have tax regimes in which the rules are not clear, are not consistently applied and are subject to sudden change. This is especially true with regard to international transfer pricing. Our earnings could be reduced by the uncertain and changing nature of these tax regimes.

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

We conduct our business in many countries around the world. Our business is generally conducted in U.S. dollars, as is the business of the leaf tobacco industry as a whole. However, we generally must purchase tobacco in non-U.S. countries using local currency. As a result, 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. When the U.S. dollar weakens against foreign currencies, our costs for purchasing and processing tobacco in such currencies increases. We attempt to minimize such currency risks by matching the timing of our working capital

borrowing needs against the tobacco purchasing and processing funds requirements in the currency of the country where the tobacco is grown. Fluctuations in the value of foreign currencies can significantly affect our operating results.

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In addition, the devaluation of foreign currencies has resulted and may in the future result in reduced purchasing power from customers whose capital resources are denominated in those currencies. We may incur a loss of business as a result of the devaluation of these currencies now or in the future.

Low investment performance by our defined benefit pension plan assets may increase our pension expense, and may require us to fund a larger portion of our pension obligations, thus diverting funds from other potential uses.

We sponsor defined benefit pension plans that cover certain eligible employees. Our pension expense and required contributions to our pension plans are directly affected by the value of plan assets, the projected rate of return on plan assets, the actual rate of return on plan assets, and the actuarial assumptions we use to measure the defined benefit pension plan obligations.

Due to the significant market downturn that began in 2008, plan asset values declined significantly. If plan assets perform below the assumed rate of return used to determine pension expense, future pension expense will increase. Further, as a result of the global economic instability, our pension plan investment portfolio has recently incurred greater volatility.

The proportion of pension assets to liabilities, which is called the funded status, determines the level of contribution to the plan that is required by law. In recent years, we have funded the plans in amounts as required, but changes in the plans' funded status related to the value of assets or liabilities could increase the amount required to be funded. We cannot predict whether changing market or economic conditions, regulatory changes or other factors will further increase our pension funding obligations, diverting funds we would otherwise apply to other uses.

Competition could erode our earnings.

The leaf tobacco industry is highly competitive. We are one of two global publicly held competitors in the leaf tobacco industry, each with approximately equal market share. Competition is based primarily on the prices 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. The loss or substantial reduction of any large or significant customer could reduce our earnings.

In addition to the two primary global independent leaf tobacco merchants, the cigarette manufacturers increasingly buy tobacco directly from suppliers, and new independent leaf merchants are entering the leaf purchasing and processing business. We face increasing competition from new local and regional independent leaf merchants with low fixed costs and overhead and good customer connections at the local level. These new independent merchants are buying an increasing portion of the crops in certain international markets, particularly Brazil and parts of Africa, where the new entrants have been able to capitalize in the global transition to those markets. Any of these sources of new competition may result in less tobacco available for us to purchase and process in the applicable markets.

We rely on internal and externally hosted information technology systems and disruption, failure or security breaches of these systems could adversely affect our business.

We rely on information technology (IT) systems, including systems hosted by service providers. The enterprise resource planning system (SAP) we are implementing in stages throughout the company, for example, is hosted by Capgemini and our domestic employee payroll system is hosted by Ceridian. Although we have disaster recovery plans and several intrusion preventive mitigating tools and services in place, which are active inline services or are tested routinely, our portfolio of hardware and software products, solutions and services and our enterprise IT systems,

including those hosted by service providers, may be vulnerable to damage or disruption caused by circumstances beyond our control, such as catastrophic events, power outages, natural

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disasters, computer system or network failures, computer viruses or other malicious software programs and cyber-attacks, including system hacking and other cyber-security breaches. The failure or disruption of our IT systems to perform as anticipated for any reason could disrupt our business and result in decreased performance, significant remediation costs, transaction errors, loss of data, processing inefficiencies, downtime, litigation, and the loss of suppliers or customers. A significant disruption or failure could have a material adverse effect on our business operations, financial performance and financial condition.

We have identified material weaknesses related to our internal control in the past, and there can be no assurance that material weaknesses will not be identified in the future.

Prior to fiscal year 2009, we have identified certain matters involving our internal control over financial reporting that we and our independent registered public accounting firm determined to be material weaknesses under standards established by the Public Company Accounting Oversight Board. We remediated those material weaknesses in internal control over financial reporting, and we believe that our internal control over financial reporting was effective at March 31, 2013 as reported in our 2013 Form 10-K. Although we intend to continue to monitor and improve our internal controls, we cannot assure you that other material weaknesses will not occur in the future. Any failure to implement required new or improved controls, or difficulties encountered in their implementation, could cause us to fail to meet our reporting obligations or result in misstatements in our financial statements in amounts that could be material. Inferior internal controls could cause investors to lose confidence in our reported financial information, which could have a negative effect on the value of our common stock and could also require additional restatements of our prior reported financial information.

Risks Related to Our Capital Structure

We may not continue to have access to the capital markets to obtain long-term and short-term financing on acceptable terms and conditions.

We access the short-term capital markets and, from time to time, the long-term markets to obtain financing. Our ability to access the capital markets and the availability of acceptable terms and conditions are impacted by many factors, including: (i) our credit ratings; (ii) the liquidity and volatility of the overall capital markets, which has been negatively impacted by the U.S. sub-prime debt turmoil and the turmoil created by the sovereign debt crisis in Europe and elsewhere; and (iii) the current state of the economy, including the tobacco industry. There can be no assurances that we will continue to have access to the capital markets on terms acceptable to us.

We may not have access to available capital to finance our local operations in non-U.S. jurisdictions.

We have typically financed our non-U.S. local operations with uncommitted short-term operating credit lines at the local level. These operating lines are typically seasonal in nature, normally extending for a term of 180 to 270 days corresponding to the tobacco crop cycle in that location. These facilities are typically uncommitted in that the lenders have the right to cease making loans or demand payment of outstanding loans at any time. In addition, each of these operating lines must be renewed with each tobacco crop season in that jurisdiction. Although our foreign subsidiaries are the borrowers under these lines, many of them are guaranteed by us.

As of September 30, 2013, we had approximately \$668.9 million drawn and outstanding on short-term foreign seasonal lines with maximum capacity totaling \$930.2 million subject to limitations as provided for in our credit agreement. Additionally against these lines there was \$10.8 million available in unused letter of credit capacity with \$6.4 million issued but unfunded at September 30, 2013.

Because the lenders under these operating lines typically have the right to cancel the loan at any time and each line must be renewed with each crop season, there can be no assurance that this capital will be available to our subsidiaries. If a number of these lenders cease lending to our subsidiaries or dramatically decrease such lending, it could have a material adverse effect on our liquidity.

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Failure of foreign banks in which our subsidiaries deposit funds or the failure to transfer funds or honor withdrawals may affect our results of operations.

Funds held by our foreign subsidiaries are often deposited in their local banks. Banks in certain foreign jurisdictions may be subject to a higher rate of failure or may not honor withdrawals of deposited funds. In addition, the countries in which these local banks operate may lack sufficient regulatory oversight or suffer from structural weaknesses in the local banking system. Due to uncertainties and risks relating to the political stability of certain foreign governments, these local banks also may be subject to exchange controls and therefore unable to perform transfers of certain currencies. If our ability to gain access to these funds was impaired, it could have a material adverse effect on our results of operations.

We may not be able to satisfy the covenants included in our financing arrangements, which could result in the default of our outstanding debt obligations.

In the recent past, we have sought and obtained waivers and amendments under our existing financing arrangements to avoid future non-compliance with financial covenants and cure past defaults under restrictive covenants. We also paid significant fees to obtain these waivers and consents. You should consider this in evaluating our ability to comply with restrictive covenants in our debt instruments and the financial costs of our ability to do so. Any future defaults for which we do not obtain waivers or amendments could result in the acceleration of a substantial portion of our indebtedness, much of which is cross-defaulted to other indebtedness.

Risks Related to Global Financial and Credit Markets

Volatility and disruption of global financial and credit markets may negatively impact our ability to access financing and expose us to unexpected risks.

Global financial and credit markets expose us to a variety of risks as we fund our business with a combination of cash from operations, short-term seasonal credit lines, our senior secured revolving credit facility, long-term debt securities and customer advances. We have financed our non-U.S. operations with uncommitted unsecured short term seasonal lines of credit at the local level. These local operating lines typically extend for a term of up to one year and are typically uncommitted in that the lenders have the right to cease making loans and demand repayment of loans at any time. As of September 30, 2013, we had approximately \$668.9 million drawn and outstanding on short-term foreign seasonal lines with maximum capacity totaling \$930.2 million. Changes in the global financial and credit markets could create uncertainty as to whether local seasonal lines will continue to be available to finance our non-U.S. operations to the extent or on terms similar to what has been available in the past and whether repayment of existing loans under these lines will be demanded prior to maturity. To the extent that local seasonal lines cease to be available at levels necessary to finance our non-U.S. operations or we are required to repay loans under the lines prior to maturity, we may be required to seek alternative financing sources beyond our existing committed sources of funding. Based on the current financial and credit markets, we cannot assure you that such alternative funding will be available to us on terms and conditions acceptable to us, or at all. In the event that we may be required to support our non-U.S. operations by borrowing U.S. dollars under our existing senior secured revolving credit facility, we may be exposed to additional currency exchange risk that we may be unable to successfully hedge. Further, there is additional risk that certain banks in the U.S. senior secured revolving credit facility syndicate could be unable to meet contractually obligated borrowing requests in the future if their financial condition were to deteriorate. In addition, we maintain deposit accounts with numerous financial institutions around the world in amounts that exceed applicable governmental deposit insurance levels. While we actively monitor our deposit relationships, we are subject to risk of loss in the event of the unanticipated failure of a financial institution in which we maintain deposits, which loss could be material to our results of operations and financial condition.

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Derivative transactions may expose us to potential losses and counterparty risk.

We have entered into certain derivative transactions, including interest rate swaps and foreign exchange contracts. Changes in the fair value of these derivative financial instruments that are not accounted for as cash flow hedges are reported as income, and accordingly could materially affect our reported income in any period. In addition, the counterparties to these derivative transactions, and to the hedge transactions entered into in connection with our issuance of our convertible notes due 2014, are financial institutions or affiliates of financial institutions, and we are subject to risks that these counterparties default under these transactions. In some of these transactions, including the convertible note hedge transactions, our exposure to counterparty credit risk is not secured by any collateral. Global economic conditions over the last few years have resulted in the actual or perceived failure or financial difficulties of many financial institutions, including bankruptcy. If one or more of the counterparties to one or more of our derivative transactions not secured by any collateral becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at the time under those transactions. We can provide no assurances as to the financial stability or viability of any of our counterparties.

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, or 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 consumer acceptance of electronic cigarettes;

increased pressure from anti-smoking groups;

other tobacco product legislation that may be considered by Congress, the states, municipalities and other countries; and

the impact of consolidation among multinational cigarette manufacturers.

Tobacco product manufacturer litigation may reduce demand for our products and 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. These lawsuits have been brought by plaintiffs,

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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 in tobacco product litigation during the past several years. Additional plaintiffs continue to file lawsuits. The effects of the lawsuits on our customers could reduce their demand for tobacco from us.

Legislation and regulatory and other governmental initiatives could impose burdensome restrictions on the tobacco industry and reduce consumption of consumer tobacco products and demand for our services.

The Family Smoking Prevention and Tobacco Control Act extends the authority of the Food and Drug Administration (the FDA) to regulate tobacco products. This act authorizes the FDA to adopt product standards for tobacco products, including the level of nicotine yield and the reduction or elimination of other constituents of the products, along with provisions for the testing of products against these standards. The act imposes further restrictions on advertising of tobacco products, authorizes the FDA to limit the sales of tobacco products to face-to-face transactions permitting the verification of the age of the purchaser, authorizes a study to determine whether the minimum age for the purchase of tobacco products should be increased and requires submission of reports from manufacturers of tobacco products to the FDA regarding product ingredients and other matters, including reports on health, toxicological, behavioral, or physiologic effects of tobacco products and their constituents. The act also mandates warning labels and requires packaging to indicate the percentage of domestically grown tobacco and foreign grown tobacco included in the product. The FDA has adopted regulations under the act establishing requirements for the sale, distribution and marketing of cigarettes, as well as package warnings and advertising limitations.

In addition, the act directs the FDA to promulgate regulations requiring that the methods used in, and the facilities and controls used for, the manufacture, preproduction design validation, packing, and storage of a tobacco product conform to current good manufacturing practice. The act does not apply to tobacco leaf that is not in the possession of a manufacturer of tobacco products, or to the producers of tobacco leaf, including tobacco suppliers, tobacco warehouses, and tobacco supplier cooperatives unless those entities are controlled by a tobacco product manufacturer. The FDA has not yet adopted regulations to implement these provisions. The full impact of these provisions of the legislation and any future regulatory action to implement these provisions is uncertain. However, if the effect of such legislation is a significant reduction in consumption of tobacco products, it could materially adversely affect our business, volume, results of operations, cash flows and financial condition.

Reports with respect to the harmful physical effects of cigarette smoking have been publicized for many years, and the sale, promotion and use of cigarettes continue to be subject to increasing governmental regulation. Since 1964, the Surgeon General of the United States and the Secretary of Health and Human Services have released a number of reports linking cigarette smoking with a broad range of health hazards, including various types of cancer, coronary heart disease and chronic lung disease, and recommending various governmental measures to reduce the incidence of smoking. More recent reports focus upon the addictive nature of cigarettes, the effects of smoking cessation, the decrease in smoking in the United States, the economic and regulatory aspects of smoking in the Western Hemisphere, and cigarette smoking by adolescents, particularly the addictive nature of cigarette smoking in adolescence. Numerous state and municipal governments have taken and others may take actions to diminish the social acceptance of smoking of tobacco products, including banning smoking in certain public and private locations.

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

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severely restricted for a number of years in Australia, Canada, Finland, France, Italy, Singapore and other countries. Further, in February 2005, the World Health Organization (WHO) treaty, the Framework Convention for Tobacco Control (FCTC), entered into force. This treaty, to which 176 nations were bound at March 31, 2013, requires signatory nations to enact legislation that would, among other things, require 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.

Due to the present 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. A significant decrease in worldwide tobacco consumption brought about by existing or future governmental laws and regulations would reduce demand for tobacco products and services and could have a material adverse effect on our results of operations.

Government actions can have a significant effect on the sourcing of tobacco. If some of the current efforts are successful, we could have difficulty obtaining sufficient tobacco to meet our customers requirements, which could have an adverse effect on our performance and results of operations.

The WHO, through the FCTC, has created a formal study group to identify and assess crop diversification initiatives and alternatives to leaf tobacco growing in countries whose economies depend upon tobacco production. The study group began its work in February 2007. In its initial report published later that year, the study group indicated that the FCTC did not aim to phase out tobacco growing, but the study group s focus on alternatives to tobacco crops was in preparation for its anticipated eventual decrease in demand resulting from the FCTC s other tobacco control initiatives.

If the objective of the FCTC study group were to change to seek to eliminate or significantly reduce leaf tobacco production and certain countries were to partner with the study group in pursuing this objective, we could encounter difficulty in sourcing leaf tobacco to fill customer requirements, which could have an adverse effect on our results of operations.

In addition, continued government and public emphasis on environmental issues, including climate change, conservation, and natural resource management, could result in new or more stringent forms of regulatory oversight of industry activities, which may lead to increased levels of expenditures for environmental controls, land use restrictions affecting us or our suppliers, and other conditions that could have a material adverse effect on our business, financial condition, and results of operations. For example, certain aspects of our business generate carbon emissions. Regulatory restrictions on greenhouse gas emissions have been proposed in certain countries in which we operate. These may include limitations on such emissions, taxes or emission allowance fees on such emissions, various restrictions on industrial operations, and other measures that could affect land-use decisions, the cost of agricultural production, and the cost and means of processing and transporting our products. These actions could adversely affect our business, financial condition, and results of operations.

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

The leaf tobacco industry, from time to time, has been the subject of government investigations regarding trade practices. For example, we were the subject of an investigation by the Antitrust Division of the DOJ into certain buying practices alleged to have occurred in the industry, we were named defendants in an antitrust class action litigation alleging a conspiracy to rig bids in the tobacco auction markets, and we were the subject of an administrative

investigation into certain tobacco buying and selling practices alleged to have occurred within the leaf tobacco industry in some countries within the European Union, including Spain, Italy, Greece and potentially other countries.

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Our subsidiaries in Spain, Italy and Greece have been subject to these investigations. In 2004, the European Commission (EC) fined us and our Spanish subsidiaries 4.4 million (\$5.6 million) solely relating to the investigations in Spain. In respect of the Italian investigation, in October 2005, the EC announced that we and our Italian subsidiaries have been assessed a fine in the aggregate amount of 24.0 million (\$28.8 million). Several tobacco processors, growers and agricultural associations that were the subject of the investigation in Italy were assessed fines in various amounts totaling 56.0 million (\$67.0 million), inclusive of the fines imposed on us and our subsidiaries. We, along with the applicable subsidiaries, lodged several appeals against the EC decisions and these cases are currently at various stages of appeal before the European Court of Justice. Appeals that have been concluded have not resulted in any material reduction in the amounts of the related fines. The outcome of the remaining appeals is uncertain.

In March 2005, the EC informed us that it had closed its investigation in relation to the Greek leaf tobacco industry buying and selling practices. In relation to these investigations into certain tobacco buying and selling practices, the Directorate General for Competition of the EC could decide to pursue investigations into other countries and additional fines may be assessed in those countries.

Risks Relating to the Exchange Offer

You may not be able to sell your old notes if you do not exchange them for new notes in the exchange offer.

If you do not exchange your old notes for new notes in the exchange offer, your old notes will continue to be subject to the restrictions on transfer as stated in the legend on the old notes. In general, you may not reoffer, resell or otherwise transfer the old notes in the United States unless they are:

registered under the Securities Act;

offered or sold under an exemption from the Securities Act and applicable state securities laws; or

offered or sold in a transaction not subject to the Securities Act and applicable state securities laws.

We do not currently anticipate that we will register resales of the old notes under the Securities Act and will have no obligation to do so except in limited circumstances applicable to certain broker-dealers, including the initial purchasers of the old notes. See The Exchange Offer Shelf Registration.

Other than with respect to certain broker-dealers, holders of the old notes who do not tender their old notes will have no further registration rights under the registration rights agreement.

Other than with respect to certain broker-dealers, holders who do not tender their old notes will not have any further registration rights under the registration rights agreement or otherwise and will not have rights to receive additional interest. Certain broker-dealers, including the initial purchasers of the old notes, may have additional registration rights only in limited circumstances. See The Exchange Offer Shelf Registration.

The market for old notes may be significantly more limited after the exchange offer and you may not be able to sell your old notes after the exchange offer.

If old notes are tendered and accepted for exchange under the exchange offer, the trading market for old notes that remain outstanding may be significantly more limited. As a result, the liquidity of the old notes not tendered for exchange could be adversely affected. The extent of the market for old notes and the availability of price quotations would depend upon a number of factors, including the number of holders of old notes remaining outstanding and the interest of securities firms in maintaining a market in the old notes. An issue of securities with a similar outstanding market value available for trading, which is called the float, may command a lower price than would be comparable to an issue of securities with a greater float. As a result, the market price for old notes that are not exchanged in the exchange offer may be affected adversely as old notes exchanged in the exchange offer reduce the float. The reduced float also may make the trading price of the old notes that are not exchanged more volatile.

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Your old notes will not be accepted for exchange if you fail to follow the exchange offer procedures and, as a result, your old notes will continue to be subject to existing transfer restrictions and you may not be able to sell your old notes.

We will not accept your old notes for exchange if you do not follow the exchange offer procedures. We will issue new notes as part of the exchange offer only after timely receipt of your old notes, a properly completed and duly executed letter of transmittal and all other required documents. Therefore, if you want to tender your old notes, please allow sufficient time to ensure timely delivery. If we do not receive your old notes, letter of transmittal and other required documents by the expiration date of the exchange offer, we will not accept your old notes for exchange. We are under no duty to give notification of defects or irregularities with respect to the tenders of old notes for exchange. If there are defects or irregularities with respect to your tender of old notes, we will not accept your old notes for exchange.

Some persons who participate in the exchange offer must deliver a prospectus in connection with resales of the new notes.

Based on interpretations of the staff of the SEC contained in *Exxon Capital Holdings Corp.*, SEC no-action letter (April 13, 1988), *Morgan, Stanley & Co., Incorporated*, SEC no-action letter (June 5, 1991) and *Shearman & Sterling*, SEC no-action letter (July 2, 1993), we believe that you may offer for resale, resell or otherwise transfer the new notes without compliance with the registration and prospectus delivery requirements of the Securities Act. However, in some instances described in this prospectus under Plan of Distribution, you will remain obligated to comply with the registration and prospectus delivery requirements of the Securities Act to transfer your new notes. In these cases, if you transfer any new note without delivering a prospectus meeting the requirements of the Securities Act or without an exemption from registration under the Securities Act, you may incur liability under this act. We do not and will not assume, or indemnify you against, this liability.

Table of Contents**SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA**

The following selected financial data should be read in conjunction with our consolidated financial statements and related notes incorporated by reference into this prospectus. The selected consolidated operating data for the fiscal years ended March 31, 2013, 2012 and 2011 and the selected consolidated balance sheet data at March 31, 2013 and 2012 are derived from Alliance One's audited consolidated financial statements included in the 2013 Form 10-K incorporated by reference into this prospectus. The selected consolidated operating data for fiscal years ended March 31, 2010 and 2009 and the selected consolidated balance sheet data at March 31, 2011, 2010 and 2009 are derived from Alliance One's audited consolidated financial statements not incorporated by reference into this prospectus. The selected consolidated operating data for the six months ended September 30, 2013 and 2012, and the selected consolidated balance sheet data at September 30, 2013 and 2012, are derived from Alliance One's unaudited condensed consolidated financial statements included in the September 30, 2013 Form 10-Q, and incorporated by reference into this prospectus.

The summary historical financial data presented below should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations of the historical consolidated financial statements in the 2013 Form 10-K and the September 30, 2013 Form 10-Q, including the notes thereto, incorporated by reference into this prospectus.

	Six Months Ended		Years Ended March 31,				
	September 30, 2013	September 30, 2012	2013	2012	2011	2010	2009
(in thousands)							
Statement of Operations Data:							
Sales and other operating revenues	\$ 1,084,567	\$ 934,181	\$ 2,243,816	\$ 2,150,767	\$ 2,094,062	\$ 2,308,299	\$ 2,258,219
Income (loss) from continuing operations	(82,819)	(11,959)	24,712	29,191	(72,148)	79,946	132,830
Income (loss) from discontinued operations, net of tax							407
Net income (loss) attributable to Alliance One International, Inc.	(82,844)	(12,375)	24,013	29,451	(71,551)	79,167	132,558
Balance Sheet Data (at period end):							
Cash and equivalents	\$ 85,430	\$ 194,717	\$ 92,026	\$ 119,743	\$ 43,506	\$ 129,738	\$ 87,665

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Working capital	662,210	948,811	843,803	828,681	846,860	795,229	608,179
Current liabilities:							
Notes payable to banks(1)	668,919	491,207	356,836	374,532	231,407	188,981	261,468
Advances from customers	113,484	55,727	16,817	14,876	17,576	102,286	44,440
Long-term debt current	56,173	51,268	6,349	7,050	784	457	17,842
Long-term debt	721,652	962,327	830,870	821,453	884,371	788,880	652,584
Other long-term liabilities	112,407	130,661	117,726	148,805	137,532	139,674	163,730
Total assets	2,120,642	2,231,170	1,911,579	1,949,845	1,808,330	1,911,199	1,758,519

Other Financial

Data:

Net cash provided (used) by operating activities	\$ (169,822)	\$ (210,916)	\$ (1,634)	\$ 58,970	\$ (183,107)	\$ 111,319	\$ 33,630
Capital expenditures	11,937	20,433	39,860	43,846	69,525	15,785	15,942

(1) Primarily foreign seasonal lines of credit. See Description of Other Indebtedness Foreign Seasonal Lines of Credit.

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USE OF PROCEEDS

This exchange offer is intended to satisfy our obligations under the registration rights agreement. We will not receive any cash proceeds from the issuance of the new notes. In consideration for issuing the new notes contemplated in this prospectus, we will receive outstanding securities in like principal amount, the form and terms of which are the same as the form and terms of the new notes, except as otherwise described in this prospectus. The old notes surrendered in exchange for new notes will be retired and canceled. Accordingly, no additional debt will result from the exchange. We have agreed to bear the expense of the exchange offer.

Table of Contents**CAPITALIZATION**

The following table sets forth the cash and cash equivalents and consolidated capitalization of Alliance One as of September 30, 2013.

The information in this table should be read in conjunction with the historical financial statements of Alliance One and the respective accompanying notes thereto in the September 30, 2013 Form 10-Q incorporated by reference into this prospectus.

	As of September 30, 2013 (in thousands)
Cash and cash equivalents	\$ 85,430
Short-term debt:	
Notes payable to banks(1)	\$ 668,919
Long-term debt current	1,173
5 ½% convertible senior subordinated notes due 2014	55,000
Long-term debt:	
Senior secured revolving credit facility	
9.875% senior secured second lien notes due 2021(2)	735,000
Other long-term debt	1,151
Total debt	1,461,243
Total stockholders' equity of Alliance One	260,300
Total capitalization	\$ 1,721,543

(1) Primarily foreign seasonal lines of credit. See Description of Other Indebtedness Foreign Seasonal Lines of Credit.

(2) Represents the aggregate principal amount of the notes and does not include any original issue discount.

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The table below sets forth the ratio of earnings to fixed charges of Alliance One and its consolidated subsidiaries on a historical basis for each of the periods indicated:

Six Months Ended September 30, 2013	Fiscal Year Ended March 31,				
	2013	2012	2011	2010	2009
N/A(1)	1.43x	1.49x	1.30x	1.63x	2.07x

(1) For the six months ended September 30, 2013, fixed charges exceeded earnings by approximately \$71.1 million. For the purpose of computing this ratio, earnings represent pretax income from continuing operations before fixed charges, adjusted to exclude distributed income of equity investees. Fixed charges represent interest expense including capitalized interest, one-third of total rental expense, and amortization of discount and loan expense related to long-term debt.

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DESCRIPTION OF OTHER INDEBTEDNESS

The following describes the material terms of our senior secured revolving credit facility, as well as our other outstanding indebtedness other than the notes. For further information regarding Alliance One's outstanding indebtedness as of September 30, 2013, see the September 30, 2013 Form 10-Q incorporated by reference into this prospectus and, in particular, Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources under Part I, Item 2 of the September 30, 2013 Form 10-Q incorporated by reference herein and Note 11 of Notes to Condensed Consolidated Financial Statements included under Part I, Item 1 of the September 30, 2013 Form 10-Q incorporated by reference herein.

Senior Secured Revolving Credit Facility

On July 26, 2013, we entered into the Amendment and Restatement Agreement between us, certain of our subsidiaries and a syndicate of lenders providing for the amendment, effective upon the execution of the Amendment and Restatement Agreement, of certain financial covenants applicable to our senior secured revolving credit facility and for the amendment and restatement of the agreement governing our senior secured revolving credit facility to be effective on the date of the satisfaction of certain conditions. Those conditions were satisfied on August 1, 2013, and on that date the agreement governing the Company's senior secured revolving credit facility was amended and restated to provide for a senior secured revolving credit facility with a syndicate of banks of approximately \$303.9 million that will automatically reduce to approximately \$210.3 million on April 15, 2014 and will mature in April 15, 2017, subject to a springing maturity on April 15, 2014 if by that date the Company has not deposited in the Blocked Account sufficient amounts to fund the repayment at maturity of all then outstanding Convertible Notes. Borrowings under the amended and restated senior secured revolving credit facility initially bear interest at an annual rate of LIBOR plus 3.75% and base rate plus 2.75%, as applicable, though the interest rate under the amended and restated senior secured revolving credit facility is subject to increase or decrease according to a consolidated interest coverage ratio.

One of the Company's primary foreign holding companies, Intabex Netherlands B.V. (Intabex), is a co-borrower under the senior secured revolving credit facility, and the Company's portion of the borrowings under the senior secured revolving credit facility is limited to \$200 million outstanding at any one time. One of our primary foreign trading companies, Alliance One International AG (AOIAG), is a guarantor of Intabex's obligations under the senior secured revolving credit facility. Such obligations are also guaranteed by the Company and such obligations and the obligations of the Company will be guaranteed by any of its material direct or indirect domestic subsidiaries (of which there are none as of the date of this prospectus).

The agreement governing the amended and restated senior secured revolving credit facility required us to deposit with the lenders, in a segregated Blocked Account that we may not use other than for specified purposes, the net proceeds from the sale of the old notes that were not immediately applied to redeem all of the outstanding Senior Notes. Amounts deposited in the Blocked Account may be used solely to purchase any and all Convertible Notes tendered in the Convertible Notes Tender Offer and, subject to conditions, to retire any remaining Convertible Notes not purchased in the Convertible Notes Tender Offer, including repayment at maturity. On August 30, 2013, we applied all funds then held in the Blocked Account to fund the purchase of Convertible Notes pursuant to the Convertible Notes Tender Offer.

Collateral. Alliance One's borrowings under the senior secured revolving credit facility are secured by a first priority pledge of:

100% of the capital stock of any material domestic subsidiary (of which there are none as of the date of this prospectus) and 100% of the capital stock of any domestic subsidiary directly held by Alliance One or by any material domestic subsidiary;

100% of the non-voting capital stock (other than directors' qualifying shares and/or other nominal amounts of shares required to be held by local nationals, in each case to the extent required by law) and 65% of the voting capital stock of any material first tier foreign subsidiaries;

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U.S. accounts receivable and U.S. inventory owned by Alliance One or its material domestic subsidiaries (other than inventory the title of which has passed to a customer and inventory financed through customer advances);

intercompany notes evidencing loans or advances made by Alliance One or a material domestic subsidiary;

the real property, fixtures, equipment and other property related to Alliance One's cut rag facility located adjacent to Baldree Road in Wilson, North Carolina; and

the Blocked Account and all funds held therein, if any.

In addition, Intabex's borrowings and other obligations under the senior secured revolving credit facility are secured by a first priority pledge of the assets described above and a pledge of 100% of the capital stock of Intabex, AOIAG, and certain of Alliance One's, Intabex's and AOIAG's foreign subsidiaries.

Financial Covenants. The senior secured revolving credit facility contains certain financial covenants and required financial ratios, including:

a minimum consolidated interest coverage ratio of not less than the following:

Period	Ratio
January 1, 2013 through and including June 30, 2013	1.90 to 1.00
July 1, 2013 through and including September 30, 2013	1.80 to 1.00
October 1, 2013 through and including December 31, 2013	1.85 to 1.00
January 1, 2014 and thereafter	1.90 to 1.00

a maximum consolidated leverage ratio for a respective period of no more than the amount set forth in the following table:

Period	Ratio
April 1, 2013 through and including June 30, 2013	7.25 to 1.00
July 1, 2013 through and including September 30, 2013	7.80 to 1.00
October 1, 2013 through and including December 31, 2013	6.95 to 1.00
January 1, 2014 through and including March 31, 2014	6.10 to 1.00
April 1, 2014 through and including June 30, 2014	6.95 to 1.00
July 1, 2014 through and including September 30, 2014	7.25 to 1.00
October 1, 2014 through and including December 31, 2014	6.95 to 1.00
January 1, 2015 through and including March 31, 2015	5.85 to 1.00
April 1, 2015 through and including June 30, 2015	6.75 to 1.00
July 1, 2015 through and including September 30, 2015	6.95 to 1.00
October 1, 2015 through and including December 31, 2015	6.45 to 1.00

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January 1, 2016 through and including March 31, 2016	5.50 to 1.00
April 1, 2016 through and including June 30, 2016	6.25 to 1.00
July 1, 2016 through and including September 30, 2016	6.45 to 1.00
October 1, 2016 through and including December 31, 2016	6.25 to 1.00
January 1, 2017 and thereafter	5.10 to 1.00

a maximum consolidated total senior debt to working capital ratio of not more than 0.80 to 1.00 other than during periods in which the consolidated leverage ratio is less than 4.00 to 1.00 if the consolidated leverage ratio has been less than 4.00 to 1.00 for the prior two consecutive fiscal quarters; and

a maximum amount of our annual capital expenditures of \$50.8 million during the fiscal year ending March 31, 2014 and \$40 million during any fiscal year thereafter, in each case with a one-year carry-forward (not in excess of \$40 million) for unused capital expenditures in any fiscal year below the maximum amount.

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Certain of these financial covenants are calculated on a rolling twelve-month basis and certain of these financial covenants and required financial ratios adjust over time in accordance with schedules in the credit agreement governing our senior secured revolving credit facility.

Affirmative and restrictive covenants. Our senior secured revolving credit facility contains affirmative and negative covenants (subject, in each case, to customary exceptions and qualifications), including covenants that limit our ability to, among other things:

incur additional indebtedness;

incur certain guarantees;

merge, consolidate or dispose of substantially all of our assets;

grant liens on our assets;

pay dividends, redeem stock or make other distributions or restricted payments;

create certain dividend and payment restrictions on our subsidiaries;

repurchase or redeem capital stock or prepay subordinated debt;

make certain investments;

agree to restrictions on the payment of dividends to us by our subsidiaries;

sell or otherwise dispose of assets, including equity interests of our subsidiaries;

enter into transactions with our affiliates; and

enter into certain sale and leaseback transactions.

Convertible Notes

On July 2, 2009, the Company issued \$100 million in aggregate principal amount of Convertible Notes. The initial purchasers of the Convertible Notes were granted an option to purchase up to an additional \$15 million in aggregate

principal amount of Convertible Notes solely to cover over-allotments which was exercised on July 15, 2009. On August 30, 2013, we purchased \$60 million in aggregate principal amount of the Convertible Notes in the Convertible Notes Tender Offer.

The Convertible Notes are our general unsecured obligations and are subordinated in right of payment to all of our existing and future senior debt, including the notes, and are pari passu in right of payment with all existing and future senior subordinated indebtedness. The Convertible Notes bear interest at a rate of 5 $\frac{1}{2}$ % per year, payable semi-annually in arrears in cash on January 15 and July 15 of each year, beginning January 15, 2010, to holders of record at the close of business on the preceding January 1 and July 1, respectively. The Convertible Notes mature on July 15, 2014.

Holders may surrender their Convertible Notes, in integral multiples of \$1,000 principal amount, for conversion into shares of the Company's common stock at the then-applicable conversion rate until the close of business on the second scheduled trading day immediately preceding the maturity date. The initial conversion rate for the Convertible Notes is 198.8862 shares of common stock per \$1,000 principal amount of Convertible Notes. The conversion rate is subject to adjustments based on certain events as described in the indenture governing the Convertible Notes.

If a fundamental change (as defined in the indenture governing the Convertible Notes) occurs at any time, holders of the Convertible Notes will have the right, at their option, to require us to repurchase all or a portion of the Convertible Notes for cash at a price equal to 100% of the principal amount of the Convertible Notes to be repurchased plus accrued and unpaid interest to, but excluding, the date of repurchase. The Convertible Notes are not redeemable at the option of the Company.

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Foreign Seasonal Lines of Credit

We have typically financed our non-U.S. operations with uncommitted unsecured short-term seasonal lines of credit from foreign financing sources where our operations are located. These operating lines are seasonal in nature, normally extending for a term of 180 to 270 days corresponding to the tobacco crop cycle in that location. These facilities are typically uncommitted in that the lenders have the right to cease making loans and demand repayment of loans at any time. These loans are typically renewed at the outset of each tobacco season. As of September 30, 2013, the Company had approximately \$668.9 million drawn and outstanding on foreign seasonal lines with maximum capacity totaling \$930.2 million subject to limitations as provided for in our senior secured revolving credit facility. Additionally, against these lines there was \$10.8 million available in unused letter of credit capacity with \$6.4 million issued but unfunded at September 30, 2013.

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THE EXCHANGE OFFER

Purpose of the Exchange Offer

On August 1, 2013, we issued \$735 million in aggregate principal amount of the old notes. In connection with that issuance of old notes, we entered into a registration rights agreement, dated as of August 1, 2013, with the initial purchasers of those old notes. The old notes may not be reoffered, resold or otherwise transferred in the United States other than in a transaction registered under the Securities Act or exempt from the Securities Act registration requirements. In the registration rights agreement, we agreed to file a registration statement with the SEC relating to the exchange offer and upon effectiveness of the exchange offer registration statement, promptly commence the exchange offer. In addition, we have agreed to keep the exchange offer open for at least 30 days, or longer if required by applicable law, after the date notice of the exchange offer is mailed to the holders of the old notes. The new notes are being offered under this prospectus to satisfy our obligations under the registration rights agreement.

Each broker-dealer that receives new notes for its own account in exchange for old notes, where such old notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such new notes. See Plan of Distribution.

Terms of the Exchange

Upon the terms and subject to the conditions contained in this prospectus and in the letter of transmittal that accompanies this prospectus, we are offering to exchange \$1,000 in principal amount of new notes for each \$1,000 in principal amount of outstanding old notes. The terms of the new notes are substantially identical to the terms of the old notes for which they may be exchanged in the exchange offer, except that:

the new notes have been registered under the Securities Act and will be freely transferable, other than as described in this prospectus;

the new notes will not contain any legend restricting their transfer;

holders of the new notes will not be entitled to some of the rights of the holders of the old notes under the registration rights agreement, which rights will terminate on completion of the exchange offer; and

the new notes will not contain any provisions regarding the payment of additional interest.

The new notes will evidence the same debt as the old notes and will be entitled to the benefits of the indenture.

The exchange offer is not conditioned on any minimum aggregate principal amount of old notes being tendered for exchange.

Based on interpretations by the SEC's staff in no-action letters issued to other parties, we believe that a holder of new notes issued in the exchange offer may transfer the new notes without complying with the registration and prospectus delivery requirements of the Securities Act if such holder:

is not an affiliate of the Company within the meaning of Rule 405 under the Securities Act;

is not a broker-dealer tendering old notes acquired directly from Alliance One for its own account;

acquired the old notes in the ordinary course of its business; and

has no arrangements or understandings with any person to participate in this exchange offer for the purpose of distributing the old notes and has made representations to Alliance One to that effect.

Each broker-dealer that receives new notes for its own account in exchange for old notes, where such old notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such new notes.

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Furthermore, any broker-dealer that acquired any of its outstanding notes directly from us:

may not rely on the applicable interpretation of the SEC staff's position contained in *Exxon Capital Holdings Corp.*, SEC No-action Letter (April 13, 1989), *Morgan, Stanley & Co., Incorporated*, SEC No-action Letter (June 5, 1991) and *Shearman & Sterling*, SEC No-action Letter (July 2, 1993); and

must also be named as a selling holder of the new notes in connection with the registration and prospectus delivery requirements of the Securities Act relating to any resale transaction.

The letter of transmittal that accompanies this prospectus 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. A participating broker-dealer may use this prospectus, as it may be amended or supplemented from time to time, in connection with resales of new notes received in exchange for old notes where those new notes were acquired by the broker-dealer as a result of market-making activities or other trading activities. We will make copies of this prospectus available to such a broker-dealer upon reasonable request.

Tendering holders of old notes will not be required to pay brokerage commissions or fees or, subject to the instructions in the applicable letter of transmittal, transfer taxes relating to the exchange of old notes for new notes in the exchange offer.

Shelf Registration Statement

The registration rights agreement provides that if:

we are not permitted to consummate the exchange offer because the exchange offer is not permitted by applicable law or SEC policy; or

any holder of Entitled Securities notifies Alliance One prior to the 20th business day following consummation of the exchange offer that:

it is prohibited by law or SEC policy from participating in the exchange offer;

it may not resell the new notes acquired by it in the exchange offer to the public without delivering a prospectus (other than by reason of such holder's status as an affiliate of Alliance One) and this prospectus is not appropriate or available for such resales; or

it is a broker-dealer and owns notes acquired directly from Alliance One or an affiliate of Alliance One,

we will use commercially reasonable efforts to file with the SEC a shelf registration statement (the "Shelf Registration Statement") to cover resales of the notes by the holders of the notes who satisfy certain conditions relating to the

provision of information in connection with the Shelf Registration Statement and to cause the Shelf Registration Statement to be declared effective by the SEC on or prior to 90 days after such obligation arises. A holder selling old notes or new notes under the Shelf Registration Statement generally must be named as a selling security holder in the related prospectus and must deliver a prospectus to purchasers, will be subject to certain of the civil liability provisions under the Securities Act in connection with those sales and will be bound by the provisions of the registration rights agreement that are applicable to a selling holder, including certain indemnification obligations.

For purposes of the preceding paragraph, Entitled Securities means each note until the earliest to occur of:

the date on which such note has been exchanged by a person other than a broker-dealer for a new note in the exchange offer;

following the exchange by a broker-dealer in the exchange offer of an old note for a new note, the date on which such new note is sold to a purchaser who receives from such broker-dealer on or prior to the date of such sale a copy of this prospectus; or

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the date on which such note has been effectively registered under the Securities Act and disposed of in accordance with the Shelf Registration Statement.

The registration rights agreement provides that:

we will use our commercially reasonable efforts to have the registration statement for the exchange offer declared effective by the SEC on or prior to 270 days after August 1, 2013;

unless the exchange offer would not be permitted by applicable law or SEC policy, we will:

commence the exchange offer; and

use all commercially reasonable efforts to issue on or prior to 30 business days, or longer, if required by applicable securities laws, after the date on which the registration statement for the exchange offer was declared effective by the SEC, new notes in exchange for all old notes validly tendered and not withdrawn prior thereto in the exchange offer; and

if obligated to file the Shelf Registration Statement, we will use commercially reasonable efforts to file the Shelf Registration Statement with the SEC and to cause the Shelf Registration Statement to be declared effective by the SEC on or prior to 90 days after such obligation arises.

Additional Interest

If:

any of the registration statements required by the registration rights agreement is not declared effective by the SEC on or prior to the date specified for such effectiveness (the Effectiveness Target Date);

we fail to consummate the exchange offer within 30 business days after the 270th day following August 1, 2013; or

the registration statement for this exchange offer or, if a shelf registration statement is declared effective, that shelf registration statement ceases to be effective or usable, subject to certain exceptions, in connection with resales of Entitled Securities during the periods specified in the registration rights agreement (each such event being a Registration Default), then we will pay additional cash interest (Special Interest) to each holder of Entitled Securities until all Registration Defaults have been cured.

With respect to the first 90-day period immediately following the occurrence of the first Registration Default, Special Interest will be paid in an amount equal to 0.50% per annum of the principal amount of Entitled Securities outstanding. The amount of the Special Interest will increase by an additional 0.25% per annum with respect to each

subsequent 90-day period until all Registration Defaults have been cured, up to a maximum amount of Special Interest for all Registration Defaults of 1.0% per annum of the principal amount of the Entitled Securities outstanding.

The summary of the provisions of the registration rights agreement contained in this prospectus does not contain all of the terms of the agreement. This summary is subject to and is qualified in its entirety by reference to all the provisions of the registration rights agreement, which is filed as an exhibit to the registration statement of which this prospectus forms a part.

Expiration Date; Extensions; Termination; Amendments

The expiration date of the exchange offer is 5:00 p.m., New York City time, on _____, 2013, unless Alliance One in its sole discretion extends the period during which the exchange offer is open. In that case, the expiration date will be the latest time and date to which the exchange offer is extended. We reserve the right to extend the exchange offer at any time and from time to time before the expiration date by giving written notice to

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Deutsche Bank Trust Company Americas, the exchange agent, and by timely public announcement. Unless otherwise required by applicable law or regulation, the public announcement will be made by a release to Businesswire, the PR Newswire or any other national newswire service. During any extension of the exchange offer, all old notes previously tendered in the exchange offer will remain subject to the exchange offer.

The initial exchange date will be the first business day following the expiration date. We expressly reserve the right to:

terminate the exchange offer and not accept for exchange any old notes for any reason, including if any of the events described below under **Conditions to the Exchange Offer** shall have occurred and shall not have been waived by us; and

amend the terms of the exchange offer in any manner.

If any termination or amendment occurs, we will notify the exchange agent in writing and will either issue a press release or give written notice to the holders of the old notes as promptly as practicable. Unless we terminate the exchange offer prior to 5:00 p.m., New York City time, on the expiration date, we will exchange the new notes for the old notes on the exchange date.

If we waive any material condition to the exchange offer or amend the exchange offer in any other material respect and at the time that notice of this waiver or amendment is first published, sent or given to holders of old notes in the manner specified above, the exchange offer is scheduled to expire at any time earlier than the fifth business day from, and including, the date that the notice is first so published, sent or given, then the exchange offer will be extended until that fifth business day.

This prospectus and the letter of transmittal and other relevant materials will be mailed to record holders of old notes. In addition, these materials will be furnished to brokers, banks and similar persons whose names, or the names of whose nominees, appear on the lists of holders for subsequent transmittal to beneficial owners of old notes.

How to Tender

The tender to Alliance One of old notes according to one of the procedures described below will constitute an agreement between that holder of old notes and Alliance One in accordance with the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal.

General Procedures. A holder of old notes may tender them by properly completing and signing the letter of transmittal or a facsimile of the letter of transmittal and delivering them, together with the certificate or certificates representing the old notes being tendered and any required signature guarantees, or a timely confirmation of a book-entry transfer according to the procedure described below, to the exchange agent at the address set forth below under **Exchange Agent** on or before the expiration date, or complying with the guaranteed delivery procedures described below. All references in this prospectus to the letter of transmittal include a facsimile of the letter of transmittal.

If tendered old notes are registered in the name of the signer of the applicable letter of transmittal and the new notes to be issued in exchange for accepted old notes are to be issued, and any untendered old notes are to be reissued, in the name of the registered holder, the signature of the signer need not be guaranteed. In any other case, the tendered old

notes must be endorsed or accompanied by written instruments of transfer in form satisfactory to Alliance One. They must also be duly executed by the registered holder. In addition, the signature on the endorsement or instrument of transfer must be guaranteed by an eligible guarantor institution that is a member of a recognized signature guarantee medallion program within the meaning of Rule 17Ad-15 under the Exchange Act. If the new notes and/or old notes not exchanged are to be delivered to an address other than that of the registered holder appearing on the note register for the old notes, an eligible guarantor institution must guarantee the signature on the applicable letter of transmittal.

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Any beneficial owner whose old notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and who wishes to tender old notes should contact the holder promptly and instruct it to tender on the beneficial owner's behalf. If the beneficial owner wishes to tender the old notes itself, the beneficial owner must either make appropriate arrangements to register ownership of the old notes in its name or follow the procedures described in the immediately preceding paragraph. The beneficial owner must make these arrangements or follow these procedures before completing and executing the letter of transmittal and delivering the old notes. The transfer of record ownership may take considerable time.

Book-Entry Transfer. The exchange agent will make a request to establish an account for the old notes at each book-entry transfer facility for purposes of the exchange offer within two business days after receipt of this prospectus unless the exchange agent already has established an account with the book-entry transfer facility suitable for the exchange offer. Subject to the establishment of the account, any financial institution that is a participant in the book-entry transfer facility's systems may make book-entry delivery of old notes by causing a book-entry transfer facility to transfer the old notes into one of the exchange agent's accounts at the book-entry transfer facility in accordance with the facility's procedures. However, although delivery of old notes may be effected through book-entry transfer, the applicable letter of transmittal, with any required signature guarantees and any other required documents, must, in any case, be transmitted to and received by the exchange agent at the address set forth below under "Exchange Agent" on or before the expiration date or the guaranteed delivery procedures described below must be complied with.

The method of delivery of old notes and all other documents is at the election and risk of the holder. If sent by mail, it is recommended that the holder use registered mail, return receipt requested, obtain proper insurance, and make the mailing sufficiently in advance of the expiration date to permit delivery to the exchange agent on or before the expiration date.

Unless an exemption applies under applicable law and regulations concerning backup withholding of federal income tax, the exchange agent will be required to withhold 28% of the gross proceeds otherwise payable to a holder in the exchange offer if the holder does not provide the holder's taxpayer identification number and certify that the number is correct.

Guaranteed Delivery Procedures. If a holder desires to accept the exchange offer and time will not permit a letter of transmittal or old notes to reach the exchange agent before the expiration date, a tender may be effected if the exchange agent has received, at the address set forth below under "Exchange Agent", on or before the expiration date a letter, telegram or facsimile transmission from an eligible guarantor institution that:

sets forth the name and address of the tendering holder, the names in which the old notes are registered and, if possible, the certificate numbers of the old notes to be tendered; and

states that the tender is being made thereby; and

guarantees that within three New York Stock Exchange trading days after the date of execution of the letter, telegram or facsimile transmission by the eligible guarantor institution, the old notes, in proper form for transfer, will be delivered by the eligible guarantor institution together with a properly completed and duly executed letter of transmittal and any other required documents.

Unless old notes being tendered by the above-described method or a timely confirmation of a book-entry transfer are deposited with the exchange agent within the time period described above and accompanied or preceded by a properly completed letter of transmittal and any other required documents, we may reject the tender. Copies of a notice of guaranteed delivery which may be used by eligible guarantor institutions for the purposes described in this paragraph are being delivered with this prospectus and the letter of transmittal.

A tender will be deemed to have been received as of the date when the tendering holder's properly completed and duly signed letter of transmittal accompanied by the old notes or a timely confirmation of a book-entry transfer

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is received by an exchange agent. Issuances of new notes in exchange for old notes tendered by an eligible guarantor institution as described above will be made only against deposit of the applicable letter of transmittal and any other required documents and the tendered old notes or a timely confirmation of a book-entry transfer.

All questions as to the validity, form, eligibility, including time of receipt, and acceptance for exchange of any tender of old notes will be determined by us. Our determination will be final and binding. We reserve the absolute right to reject any or all tenders not in proper form or the acceptances for exchange of which may, in the opinion of our counsel, be unlawful. We also reserve the absolute right to waive any of the conditions of the exchange offer or any defect or irregularities in tenders of any particular holder whether or not similar defects or irregularities are waived in the case of other holders. None of Alliance One, the exchange agent or any other person will incur any liability for failure to give notification of any defects or irregularities in tenders. Our interpretation of the terms and conditions of the exchange offer, including the letter of transmittal and the instructions to the letter of transmittal, will be final and binding.

Terms and Conditions of the Letter of Transmittal

The letter of transmittal contains, among other things, the following terms and conditions, which are part of the exchange offer.

The party tendering old notes for exchange, or the transferor, exchanges, assigns and transfers the old notes to Alliance One and irrevocably constitutes and appoints our exchange agent as its agent and attorney-in-fact to cause the old notes to be assigned, transferred and exchanged. The transferor represents and warrants that:

it has full power and authority to tender, exchange, assign and transfer the old notes and to acquire new notes issuable upon the exchange of the tendered old notes; and

when the same are accepted for exchange, we will acquire good and unencumbered title to the tendered old notes, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claim. The transferor also warrants that it will, upon request, execute and deliver any additional documents we deem necessary or desirable to complete the exchange, assignment and transfer of tendered old notes. The transferor further agrees that acceptance of any tendered old notes by us and the issuance of new notes in exchange shall constitute performance in full of our obligations under the registration rights agreement and that we will have no further obligations or liabilities under the registration rights agreement, except in certain limited circumstances. All authority conferred by the transferor will survive the death or incapacity of the transferor and every obligation of the transferor shall be binding upon the heirs, legal representatives, successors, assigns, executors and administrators of the transferor.

By tendering old notes, the transferor certifies that:

it is not an affiliate of Alliance One within the meaning of Rule 405 under the Securities Act, that it is not a broker-dealer that owns old notes acquired directly from Alliance One or its affiliates, that it is acquiring the new notes offered hereby in the ordinary course of its business and that it has no arrangement with any person to participate in the distribution of the new notes; or

it is an affiliate, as so defined, of Alliance One or of an initial purchaser, and that it will comply with applicable registration and prospectus delivery requirements of the Securities Act.

Each broker-dealer that receives new notes for its own account in exchange for old notes, where such old notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such 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. See Plan of Distribution.

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Withdrawal Rights

Old notes tendered in the exchange offer may be withdrawn at any time before 5:00 p.m., New York City time, on the expiration date.

For a withdrawal to be effective, a written or facsimile transmission notice of withdrawal must be timely received by the exchange agent at the address set forth below under Exchange Agent. Any notice of withdrawal must:

state the name of the registered holder of the old notes;

state the principal amount of old notes delivered for exchange;

state that the holder is withdrawing its election to have those old notes exchanged;

specify the principal amount of old notes to be withdrawn, which must be an authorized denomination;

specify the certificate numbers of old notes to be withdrawn; and

be signed by the holder in the same manner as the original signature on the applicable letter of transmittal, including any required signature guarantees, or be accompanied by evidence satisfactory to us that the person withdrawing the tender has succeeded to the beneficial ownership of the old notes being withdrawn.

If certificates for old notes have been delivered or otherwise identified to the exchange agent, then prior to the release of those certificates, the withdrawing holder must also submit the serial numbers of the particular certificates to be withdrawn and a signed notice of withdrawal with signatures guaranteed by an eligible institution unless that holder is an eligible institution.

If old notes have been tendered pursuant to the procedure for book-entry transfer described above, the executed notice of withdrawal, guaranteed by an eligible institution, unless that holder is an eligible institution, must specify the name and number of the account at the book-entry transfer facility to be credited with the withdrawn old notes and otherwise comply with the procedures of that facility. All questions as to the validity, form and eligibility, including time of receipt, of those notices will be determined by us, and our determination shall be final and binding on all parties. Any old notes so withdrawn will be deemed not to have been validly tendered for exchange for purposes of the exchange offer. Any old notes which have been tendered for exchange but which are not exchanged for any reason will be either

returned to the holder without cost to that holder, or

in the case of old notes tendered by book-entry transfer into the applicable exchange agent's account at the book-entry transfer facility pursuant to the book-entry transfer procedures described above, those old notes will be credited to an account maintained with the book-entry transfer facility for the old notes, in either case as soon as practicable after withdrawal, rejection of tender or termination of the exchange offer. Properly withdrawn old notes may be retendered by following one of the procedures described under "How to Tender" above at any time on or prior to the expiration date.

Acceptance of Old Notes for Exchange; Delivery of New Notes

Upon the terms and subject to the conditions of the exchange offer, the acceptance for exchange of old notes validly tendered and not withdrawn and the issuance of the new notes will be made on the exchange date. For the purposes of the exchange offer, we will be deemed to have accepted for exchange validly tendered old notes when, as and if we had given written notice of acceptance to the exchange agent.

The exchange agent will act as agent for the tendering holders of old notes for the purposes of receiving new notes from us and causing the old notes to be assigned, transferred and exchanged. Upon the terms and subject to the conditions of the exchange offer, delivery of new notes to be issued in exchange for accepted old notes will

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be made by the exchange agent promptly after acceptance of the tendered old notes. Old notes not accepted for exchange will be returned without expense to the tendering holders, or, in the case of old notes tendered by book-entry transfer, the non-exchanged old notes will be credited to an account maintained with the book-entry transfer facility promptly following the expiration date. If we terminate the exchange offer before the expiration date, these non-exchanged old notes will be credited to the applicable exchange agent's account promptly after the exchange offer is terminated.

Conditions to the Exchange Offer

The exchange offer will not be subject to any conditions, other than:

that the exchange offer, or the making of any exchange by a holder, does not violate applicable law or any applicable interpretation of the staff of the SEC;

the due tendering of old notes in accordance with the exchange offer; and

that each holder of the old notes exchanged in the exchange offer shall have represented that all new notes to be received by it shall be acquired in the ordinary course of its business and that at the time of the consummation of the exchange offer it shall have no arrangement or understanding with any person to participate in the distribution (within the meaning of the Securities Act) of the new notes and shall have made such other representations as may be reasonably necessary under applicable SEC rules, regulations or interpretations to render the use of Form S-4 or other appropriate form under the Securities Act available.

The conditions described above are for our sole benefit. We may assert these conditions regarding all or any portion of the exchange offer regardless of the circumstances, including any action or inaction by us, giving rise to the condition. We may waive these conditions in whole or in part at any time or from time to time in our sole discretion. Our failure at any time to exercise any of the rights described above will not be deemed a waiver of any of those rights, and each right will be deemed an ongoing right which may be asserted at any time or from time to time. In addition, we have reserved the right, despite the satisfaction of each of the conditions described above, to terminate or amend the exchange offer.

Any determination by us concerning the fulfillment or non-fulfillment of any conditions will be final and binding upon all parties.

In addition, we will not accept for exchange any old notes tendered and no new notes will be issued in exchange for any old notes, if at that time any stop order is threatened or in effect relating to:

the registration statement of which this prospectus constitutes a part; or

the qualification of the indenture under the Trust Indenture Act.

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Exchange Agent

Deutsche Bank Trust Company Americas has been appointed as the exchange agent for the exchange offer. Deutsche Bank Trust Company Americas also serves as the registrar and paying agent 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:

<i>BY OVERNIGHT MAIL OR COURIER:</i>	<i>BY EMAIL OR FACSIMILE:</i> <i>(for Eligible Institutions Only)</i>	<i>BY HAND:</i>
DB Services Americas, Inc.	Email: DB.Reorg@db.com	DB Services Americas, Inc.
Attention: Reorg. Department	Fax: (615) 866-3889	Attention: Reorg. Department
5022 Gate Parkway, Suite 200	Confirm by Telephone:	5022 Gate Parkway, Suite 200
Jacksonville, FL 32256	(800) 735-7777	Jacksonville, FL 32256
	<i>BY MAIL:</i>	
	DB Services Americas, Inc.	
	Attention: Reorg. Department	
	5022 Gate Parkway, Suite 200	
	Jacksonville, FL 32256	

Delivery to an address other than as set forth in this prospectus, or transmissions of instructions via a facsimile number other than the one set forth herein, will not constitute a valid delivery.

Solicitation of Tenders; Expenses

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

We have not retained any dealer-manager or similar agent in connection with the exchange offer and will not make any payments to brokers, dealers or others for soliciting acceptances of the exchange offer. However, we will pay the exchange agent reasonable and customary fees for its services and will reimburse it for reasonable out-of-pocket expenses in connection with its services. We will also pay brokerage houses and other custodians, nominees and fiduciaries the reasonable out-of-pocket expenses incurred by them in forwarding tenders for their customers. We have also agreed in the registration rights agreement to pay the reasonable fees and the expenses, if any, of designated legal counsel to the initial purchasers of the old notes incurred in connection with the exchange offer. Our expenses in connection with the exchange offer include:

SEC registration fees;

fees and expenses of the exchange agent and trustee;

accounting and legal fees and printing costs; and

related fees and expenses.

Appraisal Rights

Holders of old notes will not have dissenters' rights or appraisal rights in connection with the exchange offer.

Transfer Taxes

Holders who tender their old notes for exchange will not be obligated to pay any transfer taxes in connection with the exchange, except that holders who instruct us to register new notes in the name of, or request that old notes not tendered or not accepted in the exchange offer be returned to, a person other than the registered tendering holder will be responsible for the payment of any applicable transfer tax.

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Accounting Treatment

We will record the new notes at the same carrying value of the old notes reflected in our accounting records on the date the exchange offer is completed. Accordingly, we will not recognize any gain or loss for accounting purposes upon the exchange of new notes for the old notes. We have recognized the expenses incurred in connection with the issuance of the new notes as of the date of the exchange.

Other

Participation in the exchange offer is voluntary, and holders should carefully consider whether to accept the terms and conditions of this offer. Holders of the old notes are urged to consult their financial and tax advisors in making their own decisions on what action to take.

As a result of the making of this exchange offer, and upon acceptance for exchange of all validly tendered old notes according to the terms of this exchange offer, we will have fulfilled a covenant contained in the terms of the old notes and the registration rights agreement. Holders of the old notes who do not tender their certificates in the exchange offer will continue to hold those certificates and will be entitled to all the rights and limitations applicable to the old notes under the indenture, except for any rights under the registration rights agreement which by its terms terminates and ceases to have further effect as a result of the making of this exchange offer.

All untendered old notes will continue to be subject to the restrictions on transfer set forth in the indenture. In general, the old notes may not be reoffered, resold or otherwise transferred in the U.S. unless registered under the Securities Act or unless an exemption from the Securities Act registration requirements is available. We do not intend to register the old notes under the Securities Act.

In addition, any holder of old notes who tenders in the exchange offer for the purpose of participating in a distribution of the new notes may be deemed to have received restricted securities. If so, that holder 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 that old notes are tendered and accepted in the exchange offer, the trading market, if any, for the old notes could be adversely affected.

We may in the future seek to acquire untendered old notes in open market or privately negotiated transactions, through subsequent exchange offers or otherwise. We have no present plan to acquire any old notes that are not tendered in the exchange offer.

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DESCRIPTION OF NOTES

General

You can find the definitions of certain terms used in this description under the subheading *Certain Definitions*. In this description, the word *Company* refers only to Alliance One International, Inc. and not to any of its Subsidiaries.

The Company issued the old notes under an indenture dated as of August 1, 2013 among itself, Deutsche Bank Trust Company Americas, as registrar and paying agent, and Law Debenture Trust Company of New York, as trustee and collateral trustee (the *indenture*). The new notes will also be issued under the indenture. The terms of the 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 Parity Lien Security Documents referred to below under the caption *Security* defines the terms of the Liens that secure the notes and the Notes Guarantees, if any.

The following description is a summary of the material provisions of the indenture and certain Parity Lien Security Documents with respect to the new notes. It does not restate those agreements in their entirety. We urge you to read the indenture and the Parity Lien Security Documents because they, and not this description, define your rights as holders of the new notes. A copy of the indenture and the Parity Lien Security Documents are available as set forth below under *Additional Information*. Certain defined terms used in this description but not defined below under *Certain Definitions* have the meanings assigned to them in the indenture.

The registered holder of a note will be treated as the owner of it for all purposes. Only registered holders will have rights under the indenture.

Brief Description of the Notes and the Note Guarantees

The Notes

The notes:

will be general senior secured obligations of the Company;

will be secured on a second-priority basis, equally and ratably with all obligations of the Company under any future Parity Lien Debt, by Liens on the Collateral, subject to the Liens securing the Company's obligations under the Credit Agreement and any other Priority Lien Obligations and other Permitted Prior Liens;

will be effectively subordinated, to the extent of the value of the Collateral, to the Company's obligations under the Credit Agreement and any other Priority Lien Obligations, which will be secured on a first-priority basis by the same assets of the Company that secure the notes;

will be effectively subordinated to the Company's obligations secured by any Permitted Prior Liens, to the extent of the value of the assets of the Company subject to those Permitted Prior Liens;

will be *pari passu* in right of payment with all other senior Indebtedness of the Company, including Indebtedness under the Credit Agreement;

will be effectively senior, to the extent of the value of the Collateral, to any existing and future unsecured Indebtedness of the Company;

will be senior in right of payment to any existing and future subordinated Indebtedness of the Company; and

will be unconditionally guaranteed by the Guarantors, if any.

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The notes will be guaranteed by our Material Domestic Restricted Subsidiaries. However, we will not have any Material Domestic Restricted Subsidiaries on the date of issuance of the notes. Accordingly, the notes will not be guaranteed by any of the Company's Subsidiaries at the date of issuance of the notes and will therefore also be structurally subordinated to all the liabilities of the Company's Subsidiaries, including trade payables. As of September 30, 2013, the Company's Subsidiaries had \$714.1 million of indebtedness and other non-contingent liabilities (including trade payables) and \$121.6 million of contingent liabilities in the form of guarantees of the indebtedness of third parties. Additionally, the indenture permits the Company's Subsidiaries to incur substantial additional indebtedness. The indenture also permits the Company to make substantial investments in its Subsidiaries. See Risk Factors Risks Related to Our Notes and the Collateral Our company structure results in significant structural subordination of the notes and may affect our ability to make payments on the notes.

In the event of a bankruptcy, liquidation or reorganization of any of the Company's Subsidiaries, such Subsidiary will pay the holders of its debt and its trade creditors before such Subsidiary will be able to distribute any of their assets to us. The Company's Subsidiaries generated approximately 82% of our consolidated revenues in the fiscal year ended March 31, 2013 and held approximately 77% of our consolidated assets as of September 30, 2013. See Risk Factors Risks Related to Our Notes and the Collateral Our company structure results in significant structural subordination of the notes and may affect our ability to make payments on the notes.

The Note Guarantees

The notes will be guaranteed by all of the Company's Material Domestic Restricted Subsidiaries.

Each Note Guarantee, if any, of the notes:

will be a general senior secured obligation of that Guarantor;

will be secured on a second-priority basis, equally and ratably with all obligations of that Guarantor under any future Parity Lien Debt, by Liens on the Collateral, subject to the Liens securing that Guarantor's guarantee of the Credit Agreement obligations and any other Priority Lien Obligations and other Permitted Prior Liens;

will be effectively subordinated, to the extent of the value of the Collateral, to that Guarantor's guarantee of the Credit Agreement and any other Priority Lien Obligations, which will be secured on a first-priority basis by the same assets of that Guarantor that secure the notes;

will be effectively subordinated to that Guarantor's obligations secured by any Permitted Prior Liens, to the extent of the value of the assets of that Guarantor subject to those Permitted Prior Liens;

will be effectively senior, to the extent of the value of the Collateral, to any existing and future unsecured Indebtedness of that Guarantor;

will be *pari passu* in right of payment with all other senior Indebtedness of that Guarantor, including its guarantee of Indebtedness under the Credit Agreement; and

will be senior in right of payment to any existing and future subordinated Indebtedness of that Guarantor. As of the date of issuance of the notes, none of our Subsidiaries will be Material Domestic Restricted Subsidiaries. Under the circumstances described below under the caption Certain Covenants Designation of Restricted and Unrestricted Subsidiaries, we will be permitted to designate certain of our Subsidiaries as Unrestricted Subsidiaries. Our Unrestricted Subsidiaries will not be subject to many of the restrictive covenants in the indenture. Our Unrestricted Subsidiaries will not guarantee the notes.

Pursuant to the indenture, the Company will be permitted to designate additional Indebtedness as Priority Lien Debt. The Company also will be permitted to incur additional Indebtedness as Parity Lien Debt subject to

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the covenants described below under **Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock** and **Certain Covenants Liens**. As of September 30, 2013, the Company had \$0 million of Priority Lien Debt and approximately \$735.0 million of Parity Lien Debt, consisting entirely of the old notes, outstanding.

Principal, Maturity and Interest

The Company will issue up to \$735.0 million in aggregate principal amount of notes in the exchange offer. The Company may issue additional notes under the indenture from time to time after this exchange offer. Any issuance of additional notes is subject to all of the covenants in the indenture, including the covenant described below under the caption **Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock**. The notes and any additional notes subsequently issued under the indenture will be treated as a single class for all purposes under the indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase provided that the notes and additional notes are fungible for United States federal income tax purposes. The Company will issue notes in denominations of \$2,000 and integral multiples of \$1,000 in excess of \$2,000. The notes will mature on July 15, 2021.

Interest on the notes will accrue at the rate of 9.875% per annum and will be payable semi-annually in arrears on January 15 and July 15, commencing on January 15, 2014. Interest on overdue principal and interest, including Special Interest, if any, will accrue at a rate that is 1% higher than the then applicable interest rate on the notes. The Company will make each interest payment to the holders of record on the immediately preceding January 1 and July 1.

Interest on the notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Methods of Receiving Payments on the Notes

If a holder of notes has given wire transfer instructions to the Company, the Company will pay all principal, interest and premium and Special Interest, if any, on that holder's notes in accordance with those instructions. All other payments on the notes will be made at the office or agency of the paying agent and registrar within the City and State of New York unless the Company elects to make interest payments by check mailed to the noteholders at their address set forth in the register of holders.

Paying Agent and Registrar for the Notes

Deutsche Bank Trust Company Americas will initially act as paying agent and registrar. The Company may change the paying agent or registrar without prior notice to the holders of the notes, and the Company or any of its Subsidiaries may act as paying agent or registrar.

Transfer and Exchange

A holder may transfer or exchange notes in accordance with the provisions of the indenture. The registrar and the trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents in connection with a transfer of notes. Holders will be required to pay all taxes due on transfer. The Company will not be required to transfer or exchange any note selected for redemption. Also, the Company will not be required to transfer or exchange any note for a period of 15 days before a selection of notes to be redeemed.

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Note Guarantees

The notes will be guaranteed by each of the Company's current and future Material Domestic Restricted Subsidiaries, if any. These Note Guarantees will be joint and several obligations of the Guarantors. The obligations of each Guarantor under its Note Guarantee will be limited as necessary to prevent that Note Guarantee from constituting a fraudulent conveyance under applicable law. See Risk Factors Risks Related to Our Notes and the Collateral Federal and state statutes allow courts, under specific circumstances, to void guarantees and require note holders to return payments received from guarantors.

A Guarantor may not sell or otherwise dispose of all or substantially all of its assets to, or consolidate with or merge with or into (whether or not such Guarantor is the surviving Person) another Person, other than the Company or another Guarantor, unless:

- (1) immediately after giving effect to that transaction, no Default or Event of Default exists; and
- (2) either:
 - (a) the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger assumes all the obligations of that Guarantor under its Note Guarantee, the indenture, and the registration rights agreement pursuant to a supplemental indenture satisfactory to the trustee; or
 - (b) the Net Proceeds of such sale or other disposition are applied in accordance with the applicable provisions of the indenture.

The Note Guarantee of a Guarantor will be automatically and unconditionally released:

- (1) in connection with any sale or other disposition of all or substantially all of the assets of that Guarantor (including by way of merger or consolidation) to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary of the Company, if the sale or other disposition does not violate the Asset Sale provisions of the indenture;
- (2) in connection with any sale or other disposition of Capital Stock of that Guarantor to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary of the Company, if the sale or other disposition does not violate the Asset Sale provisions of the indenture and the Guarantor ceases to be a Restricted Subsidiary of the Company as a result of the sale or other disposition;
- (3) if the Company designates any Restricted Subsidiary that is a Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the indenture; or

- (4) upon legal defeasance, covenant defeasance or satisfaction and discharge of the indenture as provided below under the captions Legal Defeasance and Covenant Defeasance and Satisfaction and Discharge.

Security

Pursuant to the Parity Lien Security Documents, obligations of the Company with respect to the notes, the obligations of the Guarantors under the Note Guarantees, any other future Parity Lien Obligations and the performance of all other obligations of the Company and the Guarantors under the Parity Lien Documents will be secured equally and ratably by second-priority Liens in the Collateral granted to the Collateral Trustee for the benefit of the Parity Lien Secured Parties. These Liens will be junior in priority to the Liens securing Priority Lien Obligations and to all other Permitted Prior Liens.

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The Collateral primarily consists of the following assets of the Company and the Guarantors (the *Collateral*):

- (1) all Capital Stock of each Domestic Subsidiary and Material Foreign Subsidiary of the Company owned directly by the Company or any Guarantor (limited, in the case of Material Foreign Subsidiaries, to 65% of the voting Capital Stock and 100% of the non-voting Capital Stock (subject to certain exceptions) of each Material Foreign Subsidiary);
- (2) all U.S. accounts receivable and U.S. inventory of the Company and the Guarantors (other than inventory the title of which has passed to a customer and inventory financed through customer advances);
- (3) intercompany notes evidencing loans or advances made by the Company or a Guarantor;
- (4) the real property, fixtures, equipment and other property related to the Company's cut rag facility located adjacent to Baldree Road in Wilson, North Carolina;
- (5) the Blocked Account; and
- (6) to the extent not otherwise included, all proceeds and products of any and all of the foregoing, however and whenever acquired and in whatever form.

Intercreditor Agreement

On the date of the indenture, the Company entered into an intercreditor agreement with the Collateral Trustee, on behalf of itself and the Parity Lien Secured Parties, and the Priority Lien Agent, on behalf of itself and the holders of Priority Lien Obligations (the *Intercreditor Agreement*). Pursuant to the terms of the Intercreditor Agreement, at any time prior to the discharge of Priority Lien Obligations, the Priority Lien Agent will have the exclusive right to enforce rights, exercise remedies and make determinations regarding the release, disposition or restrictions with respect to the Collateral without consultation with or the consent of the Collateral Trustee or the Parity Lien Secured Parties. Until the Priority Lien Obligations are discharged, the Collateral Trustee will not be permitted to enforce the security interests or exercise remedies whether or not any Insolvency or Liquidation Proceeding has been commenced except, among other things, (a) in any Insolvency or Liquidation Proceeding, as necessary to file a proof of claim or statement of interest with respect to such Parity Lien Debt or (b) as necessary to take any action in order to create, prove, perfect, preserve or protect (but not enforce) its rights in, and the perfection and priority of its Lien on, the Collateral securing the Parity Lien Obligations (so long as such action does not impair the rights of the Priority Lien Agent to enforce rights or exercise remedies with respect to the Collateral or the rights of the Priority Lien Agent). After the Priority Lien Obligations are discharged, the Collateral Trustee in accordance with the provisions of the Parity Lien Security Documents will distribute all cash proceeds (after payment of the costs of enforcement and collateral administration and any other amounts owed to the Collateral Trustee) of the Collateral received by it under the Parity Lien Security Documents for the ratable benefit of the Parity Lien Secured Parties.

The Intercreditor Agreement provides that, prior to the discharge of Priority Lien Obligations, the holders of Parity Lien Obligations, each Parity Lien Representative and the Collateral Trustee may not assert or enforce any right of

marshalling accorded to a junior lienholder as against the holders of Priority Liens (in their capacity as priority lienholders). Following the discharge of Priority Lien Obligations, the holders of Parity Lien Obligations and any Parity Lien Representative may assert their rights under the Uniform Commercial Code or otherwise to any proceeds remaining following a sale or other disposition of Collateral by, or on behalf of, the holders of Priority Lien Obligations.

In addition, the Intercreditor Agreement provides that, prior to the discharge of Priority Lien Obligations, (1) the holders of Priority Lien Obligations and the Priority Lien Agent shall have the exclusive right to make determinations regarding the release of Collateral (excluding any portion of the proceeds of such Collateral remaining after the Priority Lien Obligations are discharged) without the consent of the Collateral Trustee and

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the Parity Lien Secured Parties; *provided* that the Liens securing the Priority Lien Obligations are concurrently released and terminated, (2) the Intercreditor Agreement may be amended, without the consent of the Collateral Trustee and the Parity Lien Secured Parties, to add additional secured creditors holding Priority Lien Obligations or Parity Lien Obligations so long as such Priority Lien Obligations or Parity Lien Obligations are not prohibited by the provisions of the Secured Debt Documents, (3) except to the extent not prohibited by any loan document in respect of the Priority Lien Obligations, no Parity Lien Security Document may be amended, supplemented or otherwise modified or entered into to the extent such amendment, supplement or modification or the terms of the new Parity Lien Security Document would be prohibited by or inconsistent with the Intercreditor Agreement, and (4) in the event that the holders of the Priority Lien Obligations enter into any amendment, waiver or consent in respect of the security documents for the Priority Lien Obligations, then such amendment, waiver or consent shall apply automatically to any comparable provision of each comparable Parity Lien Security Document without the consent of the Collateral Trustee or any Parity Lien Secured Party and without any action by the Collateral Trustee, the Company or any Guarantor; *provided, however*, that no such amendment, waiver or consent has the effect of (a) removing assets subject to the Lien of the Security Documents, except to the extent that a release of such Lien is permitted by the Intercreditor Agreement or (b) imposing additional duties on the Collateral Trustee without its consent.

Until the Priority Lien Obligations are discharged, if the Company or any Guarantor is subject to any Insolvency or Liquidation Proceeding, the Collateral Trustee and the Parity Lien Secured Parties have agreed that:

(1) if any Priority Lien Representative or holder of Priority Lien Obligations shall desire to consent (or not object) to the sale, use or lease of cash or other collateral or to consent (or not object) to the Company or any Guarantor obtaining financing under Section 363 or Section 364 of the Bankruptcy Code or any similar provision in any bankruptcy law (*DIP Financing*), then the Collateral Trustee, for itself and on behalf of the Parity Lien Secured Parties, agrees that it will not raise, join or support any objection to and will not otherwise contest such sale, use or lease of such cash or other collateral or DIP Financing and will not request adequate protection or any other relief in connection therewith (except to the extent permitted by clause (5) below or otherwise permitted pursuant to the Intercreditor Agreement) and, to the extent the Liens securing the Priority Lien Obligations are subordinated or *pari passu* with such DIP Financing, will subordinate its Liens in the Collateral to (i) such DIP Financing (and all Obligations relating thereto) on the same basis as they are subordinated to the Priority Lien Obligations, (ii) any adequate protection Liens provided to the holders of Priority Lien Obligations and (iii) any carve-out for professional and United States trustee fees or payment of any other amounts agreed to by any Priority Lien Representative or holder of Priority Lien Obligations;

(2) they will not object (or join or support any objection) to (and will not otherwise contest) (x) any motion for relief from automatic stay or from any injunction against foreclosure or enforcement in respect of the Priority Lien Obligations made by the Priority Lien Agent or any holder of Priority Lien Obligations, (y) any lawful exercise by any holder of Priority Lien Obligations of the right to credit bid Priority Lien Obligations at any sale in foreclosure of Collateral or (z) any other request for judicial relief made in any court by any holder of Priority Lien Obligations relating to the lawful enforcement of any Lien on any Collateral;

(3) they will not object (or join or support any objection) to (and will not otherwise contest) any order relating to a sale or other disposition of assets of the Company or any Guarantor for which any Priority Lien Representative or holder of Priority Lien Obligations has consented or not objected that provides, to the extent the sale or other disposition is to be free and clear of Liens, that the Liens securing the Priority Lien Obligations and the Parity Lien Obligations will attach to the proceeds of the sale on the same basis of priority as the existing Liens in accordance with the Intercreditor Agreement;

(4) none of them will seek relief from the automatic stay or any other stay in any Insolvency or Liquidation Proceeding in respect of the Collateral, or support or join any party in doing so, without the prior written consent of the Priority Lien Agent;

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(5) none of them shall object, contest or support any other Person contesting (A) (i) any request by the Priority Lien Agent, any Priority Lien Representative or the holders of Priority Lien Obligations for adequate protection, (ii) any objection by the Priority Lien Agent, any Priority Lien Representative or the holders of Priority Lien Obligations to any motion, relief, action or proceeding based on the Priority Lien Agent's, any Priority Lien Representative's or the holders of Priority Lien Obligations' claiming a lack of adequate protection or (iii) the payment of interest, fees, expenses or other amounts of the Priority Lien Agent, any Priority Lien Representative or any holder of Priority Lien Obligations under Section 506(b) of the Bankruptcy Code or any similar provision of any other bankruptcy law or (B) assert or support any claim for costs or expenses of preserving or disposing of any Collateral under Section 506(c) of the Bankruptcy Code or any similar provision of any other bankruptcy law. Notwithstanding the foregoing, in any Insolvency or Liquidation Proceeding, (i) if the holders of Priority Lien Obligations (or any subset thereof) are granted adequate protection in the form of additional or replacement collateral in connection with any DIP Financing or use of cash collateral under Section 363 or Section 364 of the Bankruptcy Code or any similar provision of any other bankruptcy law and/or a superpriority administrative claim, then the Collateral Trustee for itself and on behalf of the Parity Lien Secured Parties may seek and request and be granted adequate protection in the form of a Lien on such additional or replacement collateral and/or a superpriority administrative claim (as applicable), which Lien and/or superpriority administrative claim is subordinated to the Liens securing any claims with respect to the Priority Lien Obligations and such DIP Financing (and all obligations relating thereto) on the same basis as the other Liens securing the Parity Lien Obligations are so subordinated to the Liens securing, and any claims with respect to, Priority Lien Obligations under the Intercreditor Agreement and (ii) in the event the Collateral Trustee seeks or requests adequate protection and such adequate protection is granted in the form of additional or replacement collateral and/or superpriority administrative claim, then the Collateral Trustee, for itself and on behalf of the Parity Lien Secured Parties, agrees that the holders of the Priority Lien Obligations shall also be granted a senior Lien on such additional or replacement collateral and/or superpriority administrative claim granted as adequate protection for the Priority Lien Obligations and any such DIP Financing and that any lien on such additional or replacement collateral and/or superpriority administrative claims granted as adequate protection for the Parity Lien Obligations shall be subordinated to the Liens on such collateral securing the Priority Lien Obligations and any other Liens and superpriority claims granted to the holders of Priority Lien Obligations as adequate protection on the same basis as the other Liens securing any claims with respect to the Parity Lien Obligations are so subordinated to such Liens securing any claims with respect to Priority Lien Obligations under the Intercreditor Agreement; *provided, however*, that the Collateral Trustee, for itself and on behalf of the Parity Lien Secured Parties, irrevocably agrees, pursuant to Section 1129(a)(9) of the Bankruptcy Code, in any stipulation and/or order granting such adequate protection, that such junior superpriority claims may be paid under any plan or reorganization in any combination of cash, debt, equity, or other property having a value on the effective date of such plan equal to the allowed amount of such claims; and

(6) none of them will (a) assert or enforce any claim under Section 506(c) of the Bankruptcy Code or any similar provision of any other bankruptcy law or seek to recover any amounts that the Company or any Guarantor may obtain by virtue of any claim under Section 506(c) of the Bankruptcy Code or any similar provision of any other bankruptcy law, in each case, for costs or expenses of preserving or disposing of any Collateral or otherwise and (b) seek to exercise any rights under Section 1111(b) of the Bankruptcy Code or any similar provision under any bankruptcy law.

Notwithstanding the foregoing, both before and during an Insolvency or Liquidation Proceeding, the holders of Parity Lien Obligations and the Parity Lien Representative may exercise any and all rights that would be available to a holder of unsecured claims, including, without limitation, the commencement of an Insolvency or Liquidation Proceeding against the Company or any Guarantor in accordance with applicable law so long as such exercise of rights and remedies is not inconsistent with the provisions of the Intercreditor Agreement.

Holders of the notes will be deemed to have agreed to and accepted the terms of the Intercreditor Agreement and the collateral trust agreement by their acceptance of the notes.

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Collateral Trust Agreement

On the date of the indenture, the Company entered into a collateral trust agreement with the Collateral Trustee. The collateral trust agreement sets forth the terms on which the Collateral Trustee will receive, hold, administer, maintain, enforce and distribute the proceeds of all Liens upon any property of the Company or any Guarantor at any time held by it, in trust for the benefit of the current and future holders of the Parity Lien Obligations, including the notes. In addition, the collateral trust agreement authorized the Collateral Trustee to enter into the Intercreditor Agreement described above and the Parity Lien Security Documents.

Collateral Trustee

Law Debenture Trust Company of New York will initially act as the Collateral Trustee for the benefit of the holders of:

the notes; and

all other Parity Lien Obligations outstanding from time to time.

Neither the Company nor any of its Affiliates may act as the Collateral Trustee. The Collateral Trustee does not hold any Liens for the benefit of the holders of the Priority Lien Obligations. The Collateral Trustee will hold (directly or through co-trustees or agents), and will be entitled to enforce, all Liens on the Collateral created by the Parity Lien Security Documents.

Except as provided in the collateral trust agreement or as directed by an Act of Required Secured Parties in accordance with the collateral trust agreement, the Collateral Trustee will not be obligated:

- (1) to act upon directions purported to be delivered to it by any Person;
- (2) to foreclose upon or otherwise enforce any Lien; or
- (3) to take any other action whatsoever with regard to any or all of the Parity Lien Security Documents, the Liens created thereby or the Collateral.

The Company will deliver to each Parity Lien Representative copies of all Parity Lien Security Documents delivered to the Collateral Trustee.

Enforcement of Liens

Subject to the terms set forth in the Intercreditor Agreement, if the Collateral Trustee at any time receives written notice that any event has occurred that constitutes a default under any Parity Lien Document entitling the Collateral Trustee to foreclose upon, collect or otherwise enforce its Liens under the Parity Lien Security Documents, the Collateral Trustee will promptly deliver written notice thereof to each other Parity Lien Representative. Thereafter, the Collateral Trustee may await direction by an Act of Required Secured Parties and, subject to the provisions set forth in

the Intercreditor Agreement, will act, or decline to act, as directed by an Act of Required Secured Parties, in the exercise and enforcement of the Collateral Trustee's interests, rights, powers and remedies in respect of the Collateral or under the Parity Lien Security Documents or applicable law and, following the initiation of such exercise of remedies and, subject to the provisions set forth in the Intercreditor Agreement, the Collateral Trustee will act, or decline to act, with respect to the manner of such exercise of remedies as directed by an Act of Required Secured Parties. Unless it has been directed to the contrary by an Act of Required Secured Parties, the Collateral Trustee in any event may (but will not be obligated to) take or refrain from taking such action with respect to any default under any Parity Lien Document as it may deem advisable and in the best interest of the Parity Lien Secured Parties.

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Order of Application

The collateral trust agreement provides that if any Collateral is sold or otherwise realized upon by the Collateral Trustee in connection with any collection, sale, foreclosure or other enforcement of Liens granted to the Collateral Trustee in the Parity Lien Security Documents, subject to the provisions set forth in the Intercreditor Agreement, the proceeds received by the Collateral Trustee from such collection, sale, foreclosure or other enforcement and the proceeds of any title or other insurance policy received by the Collateral Trustee pursuant to the Intercreditor Agreement will be distributed by the Collateral Trustee in the following order of application:

FIRST, to the payment of all amounts payable under the collateral trust agreement on account of the Collateral Trustee's fees and any reasonable legal fees, costs and expenses or other liabilities of any kind incurred by the Collateral Trustee, each Parity Lien Representative or any co-trustee or agent of the Collateral Trustee in connection with any security document (including, but not limited to, indemnification obligations that are then due and payable);

SECOND, to the repayment of obligations, other than the Parity Lien Obligations, secured by a Permitted Prior Lien on the Collateral sold or realized upon to the extent that such other Lien has priority over the Parity Liens but only if such obligation is discharged (in whole or in part) in connection with such sale;

THIRD, to the respective Parity Lien Representatives on a pro rata basis for each Series of Parity Lien Debt that are secured by such Collateral for application to the payment of all outstanding Parity Lien Debt and any other Parity Lien Obligations that are so secured and then due and payable (for application in such order as may be provided in the Parity Lien Documents applicable to the respective Parity Lien Obligations) in an amount sufficient to pay in full in cash all outstanding Parity Lien Debt and all other Parity Lien Obligations that are then due and payable and so secured (including, to the extent legally permitted, all interest and fees accrued thereon after the commencement of any Insolvency or Liquidation Proceeding at the rate, including any applicable post-default rate, specified in the Parity Lien Documents, even if such interest is not enforceable, allowable or allowed as a claim in such proceeding, and including the discharge or cash collateralization (at the lower of (1) 105% of the aggregate undrawn amount and (2) the percentage of the aggregate undrawn amount required for release of Liens under the terms of the applicable Parity Lien Document) of all outstanding letters of credit, if any, constituting Parity Lien Debt); and

FOURTH, any surplus remaining after the payment in full in cash of amounts described in the preceding clauses will be paid to the Company or the applicable Guarantor, as the case may be, its successors or assigns, or to such other Persons as may be entitled to such amounts under applicable law or as a court of competent jurisdiction may direct.

The provisions set forth under this caption *Order of Application* are intended for the benefit of, and will be enforceable as a third party beneficiary by, each present and future holder of Parity Lien Obligations, each present and future Parity Lien Representative and the Collateral Trustee as holder of Parity Liens. The Parity Lien Representative of each future Series of Parity Lien Debt will be required to deliver a Lien Sharing and Priority Confirmation to the Collateral Trustee and each other Parity Lien Representative at the time of incurrence of such Series of Parity Lien Debt.

Release or Subordination of Liens on Collateral

The collateral trust agreement provides that the Collateral Trustee's Liens upon the Collateral will be released or subordinated in any of the following circumstances:

- (1) in whole, upon (a) payment in full and discharge of all outstanding Parity Lien Debt and all other Parity Lien Obligations that are outstanding, due and payable at the time all of the Parity Lien Debt is paid in full and discharged and (b) termination or expiration of all commitments to extend credit under all

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Parity Lien Documents and the cancellation or termination, cash collateralization (at the lower of (1) 105% of the aggregate undrawn amount and (2) the percent