OLIN CORP

FORM 10-K
(Annual Report)

Filed 02/25/09 for the Period Ending 12/31/08

Address	OLIN CORP 190 CARONDELET PLAZA SUITE 1530 CLAYTON, MO 63105
Telephone	3144801400
CIK	0000074303
Symbol	OLN
SIC Code	2800 - Chemicals & Allied Products
Industry	Commodity Chemicals
Sector	Basic Materials
Fiscal Year	12/31

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

Form 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2008

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the trans iti on period from _______to _______

Commission file number 1-1070

OLIN CORPORATION
(Exact name of registrant as specified in its charter)

Virginia	13-1872319
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
190 Carondelet Plaza, Suite 1530, Clayton, MO	**63105-3443**
(Address of principal executive offices)	**(Zip code)**

Registrant's telephone number, including area code: (314) 480-1400

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Common Stock, par value $1 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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 definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. Large Accelerated Filer ☒ Accelerated Filer ☐ Non-accelerated Filer ☐ Smaller Reporting Company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.) Yes ☐ No ☒

As of June 30, 2008, the aggregate market value of registrant's common stock, par value $1 per share, held by non-affiliates of registrant was approximately $1,967,437,995 based on the closing sale price as reported on the New York Stock Exchange.

As of January 30, 2009, 77,402,728 shares of the registrant's common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE
Portions of the following document are incorporated by reference in this Form 10-K as indicated herein:

Document	**Part of 10-K into which incorporated**

Proxy Statement relating to Olin's 2009 Annual Meeting of Shareholders to be held on April 23, 2009	Part III

PART I

Item 1. BUSINESS

GENERAL

Olin Corporation is a Virginia corporation, incorporated in 1892, having its principal executive offices in Clayton, MO. We are a manufacturer concentrated in two business segments: Chlor Alkali Products and Winchester®. Chlor Alkali Products manufactures and sells chlorine and caustic soda, sodium hydrosulfite, hydrochloric acid, hydrogen, bleach products and potassium hydroxide, which represent 72% of 2008 sales. Winchester products, which represent 28% of 2008 sales, include sporting ammunition, reloading components, small caliber military ammunition and components, and industrial cartridges. See our discussion of our segment disclosures contained in Item 7—"Management's Discussion and Analysis of Financial Condition and Results of Operations."

On October 15, 2007, we announced we entered into a definitive agreement to sell the Metals business to a subsidiary of Global Brass and Copper Holdings, Inc. (Global), an affiliate of KPS Capital Partners, LP, a New York-based private equity firm. The transaction closed on November 19, 2007. Accordingly, for all periods presented prior to the sale, Metals' operating results and cash flows are reported as discontinued operations in the Consolidated Statements of Operations and Consolidated Statements of Cash Flows, respectively.

On August 31, 2007 we acquired Pioneer Companies, Inc. (Pioneer), whose earnings were included in the accompanying financial statements since the date of acquisition.

GOVERNANCE

We maintain an Internet website at www.olin.com . Our reports on Form 10-K, Form 10-Q, and Form 8-K, as well as amendments to those reports, are available free of charge on our website, as soon as reasonably practicable after we file the reports with the Securities and Exchange Commission (SEC). Additionally, a copy of our SEC filings can be obtained at the SEC at their Office of Investor Education and Advocacy at 100 F Street, N.E., Washington, D.C. 20549 or by calling that office of the SEC at 1-800-SEC-0330. Also, a copy of our electronically filed materials can be obtained at www.sec.gov . Our Principles of Corporate Governance, Committee Charters and Code of Conduct are available on our website at www.olin.com in the Governance Section under Governance Documents and Committees or from us by writing to: George Pain, Vice President, General Counsel and Secretary, Olin Corporation, 190 Carondelet Plaza, Suite 1530, Clayton, MO 63105.

In May 2008, our Chief Executive Officer executed the annual Section 303A.12(a) CEO Certification required by the New York Stock Exchange (NYSE), certifying that he was not aware of any violation of the NYSE's corporate governance listing standards by us. Additionally, our Chief Executive Officer and Chief Financial Officer executed the required Sarbanes-Oxley Act of 2002 (SOX) Sections 302 and 906 certifications relating to this Annual Report on Form 10-K, which are filed with the SEC as exhibits to this Annual Report on Form 10-K.

PRODUCTS, SERVICES AND STRATEGIES

Chlor Alkali Products

Products and Services

We have been involved in the U.S. chlor alkali industry for more than 100 years and are a major participant in the North American chlor alkali market. Chlorine and caustic soda are co-produced commercially by the electrolysis of salt. These co-products are produced simultaneously, and in a fixed ratio of 1.0 ton of chlorine to 1.1 tons of caustic soda. The industry refers to this as an Electrochemical Unit or ECU. With a demonstrated capacity as of the end of 2008 of 1.91 million ECUs per year, including 50% of the production from our partnership with PolyOne Corporation (PolyOne), which we refer to as SunBelt, we are the third largest chlor alkali producer, measured by production volume of chlorine and caustic soda, in North America, according to data from Chemical Market Associates, Inc. (CMAI). CMAI is a global petrochemical, plastics and fibers consulting firm established in 1979. Approximately 55% of our caustic soda production is high purity membrane and rayon grade, which, according to CMAI data, normally commands a premium selling price in the market. According to data from CMAI, we are the largest North American producer of industrial bleach, which is manufactured using both chlorine and caustic soda.

Our manufacturing facilities in Augusta, GA; McIntosh, AL; Charleston, TN; St. Gabriel, LA; Henderson, NV; Becancour, Quebec; and a portion of our facility in Niagara Falls, NY are ISO 9002 certified. In addition, Augusta, GA; McIntosh, AL; Charleston, TN; and Niagara Falls, NY are ISO 14001 certified. ISO 9000 (which includes ISO 9001 and ISO 9002) and ISO 14000 (which includes ISO 14001) are sets of related international standards on quality assurance and environmental management developed by the International Organization for Standardization to help companies effectively document the quality and environmental management system elements to be implemented to maintain effective quality and environmental management systems. Our facilities in Augusta, GA; McIntosh, AL; Charleston, TN; Niagara Falls, NY; and St. Gabriel, LA have also achieved Star status in the Voluntary Protection Program (VPP) of the Occupational Safety and Health Administration (OSHA). OSHA's VPP is a program in which companies voluntarily participate that recognizes facilities for their exemplary safety and health programs. Our Augusta, GA; McIntosh, AL; Charleston, TN; and Niagara Falls, NY chlor alkali manufacturing sites and the division headquarters are accredited under the RC 14001 Responsible Care® (RC 14001) standard. Supported by the chemical industry and recognized by government and regulatory agencies, RC 14001 establishes requirements for the management of safety, health, environmental, security, transportation, product stewardship, and stakeholder engagement activities for the business.

Chlorine is used as a raw material in the production of thousands of products for end-uses including vinyls, chlorinated intermediates, isocyanates, and water treatment. A significant portion of U.S. chlorine production is consumed in the manufacture of ethylene dichloride, or EDC, a precursor for polyvinyl chloride, or PVC. PVC is a plastic used in applications such as vinyl siding, plumbing and automotive parts. We estimate that approximately 16% of our chlorine produced, including the production from our share of SunBelt, is consumed in the manufacture of EDC. While much of the chlorine produced in the U.S. is consumed by the producing company to make downstream products, we sell most of the chlorine we produce to third parties in the merchant market.

Caustic soda has a wide variety of end-use applications, the largest of which is in the pulp and paper industry used in the delignification and bleaching portion of the pulping process. Caustic soda is also used in the production of detergents and soaps, alumina and a variety of other inorganic and organic chemicals.

The chlor alkali industry is cyclical, both as a result of changes in demand for each of the co-products and as a result of the large increments in which new capacity is added. Because chlorine and caustic are produced in a fixed ratio, the supply of one product can be constrained both by the physical capacity of the production facilities and/or by the ability to sell the co-product. Prices for both products respond rapidly to changes in supply and demand. Our ECU netbacks (defined as gross selling price less freight and discounts) averaged approximately $635, $535 and $550 per ECU in 2008, 2007 and 2006, respectively.

Beginning in late 2006, driven by reduced levels of chlorine demand and a series of planned and unplanned plant maintenance outages, chlor alkali plant operating rates for the industry were reduced. While this allowed chlorine supply to stay balanced, it caused caustic soda demand, which did not experience a decline, to exceed supply. This led to industry-wide caustic soda price increases. During the first three quarters of 2008, North American demand for caustic soda remained strong. However, caustic soda supply continued to be constrained by the weakness in chlorine demand, which caused operating rates to be reduced. This resulted in a significant supply and demand imbalance for caustic soda in North America. This imbalance, combined with increased freight and energy costs, resulted in our achieving record levels of caustic soda pricing. During the fourth quarter of 2008, North American caustic soda demand weakened but less than the decline in chlorine demand. This caused the caustic soda supply and demand imbalance to continue, which continued to support record levels of caustic soda prices. While we have seen sequential improvements in caustic soda pricing beginning with the fourth quarter of 2006, we have continued to experience weaker chlorine prices. Chlorine prices have declined quarterly since the third quarter of 2007.

Electricity and salt are the major purchased raw materials for our Chlor Alkali Products segment. Raw materials represent approximately 55% of the total cost of producing an ECU. Electricity is the single largest raw material component in the production of chlor alkali products. During the past five years, we experienced an increase in the cost of electricity from our suppliers due primarily to energy cost increases and regulatory requirements. We are supplied by utilities that primarily utilize coal, hydroelectric, natural gas, and nuclear power. The commodity nature of this industry places an added emphasis on cost management and we believe that we have managed our manufacturing costs in a manner that makes us one of the low cost producers in the industry. We are currently investing in a conversion and expansion project at our St. Gabriel, LA facility which will increase capacity at that location from 197,000 ECUs to 246,000 ECUs and is expected to significantly reduce the site's manufacturing costs. We expect to complete this conversion and expansion project during the second quarter of 2009. In addition, as market demand requires, we believe the design of the SunBelt plant, as well as the new design of the St. Gabriel, LA facility, will enable us to expand capacity cost-effectively at these locations.

We also manufacture and sell other chlor alkali-related products and we recently invested in capacity and product upgrades in some of these areas. These products include chemically processed salt, hydrochloric acid, sodium hypochlorite (bleach), hydrogen, sodium hydrosulfite, and potassium hydroxide.

The following table lists products of our Chlor Alkali Products business, with principal products on the basis of annual sales highlighted in bold face.

Products & Services	***Major End Uses***	***Plants & Facilities***	***Major Raw Materials & Components for Products/Services***
Chlorine/caustic soda	Pulp & paper processing, chemical manufacturing, water purification, manufacture of vinyl chloride, bleach, swimming pool chemicals & urethane chemicals	Augusta, GA Becancour, Quebec Charleston, TN Henderson, NV McIntosh, AL Niagara Falls, NY St. Gabriel, LA	salt, electricity
Sodium hypochlorite (bleach)	Household cleaners, laundry bleaching, swimming pool sanitizers, semiconductors, water treatment, textiles, pulp & paper and food processing	Augusta, GA Becancour, Quebec Charleston, TN Henderson, NV McIntosh, AL Niagara Falls, NY Santa Fe Springs, CA Tacoma, WA Tracy, CA	chlorine, caustic soda
Hydrochloric acid	Steel, oil & gas, plastics, organic chemical synthesis, water and wastewater treatment, brine treatment, artificial sweeteners, pharmaceuticals, food processing and ore and mineral processing	Augusta, GA Becancour, Quebec Charleston, TN Henderson, NV McIntosh, AL Niagara Falls, NY	chlorine, hydrogen
Potassium hydroxide	Fertilizer manufacturing, soaps, detergents and cleaners, battery manufacturing, food processing chemicals and deicers	Charleston, TN	potassium chloride, electricity
Hydrogen	Fuel source, hydrogen peroxide and hydrochloric acid	Augusta, GA Becancour, Quebec Charleston, TN Henderson, NV McIntosh, AL Niagara Falls, NY St. Gabriel, LA	salt, electricity
Sodium hydrosulfite	Paper, textile & clay bleaching	Charleston, TN	caustic soda, sulfur dioxide

Strategies

Continued Role as a Preferred Supplier to Merchant Market Customers. Based on our market research, we believe our Chlor Alkali Products business is viewed as a preferred supplier by our merchant market customers. We will continue to focus on providing quality customer service support and developing relationships with our valued customers.

Pursue Incremental Expansion Opportunities . We have invested in capacity and product upgrades in our chemically processed salt, hydrochloric acid, bleach, potassium hydroxide and hydrogen businesses. These expansions increase our captive use of chlorine while increasing the sales of these co-products. These niche businesses provide opportunities to upgrade chlorine and caustic to higher value-added applications. We also have the opportunity, when business conditions permit, to pursue incremental expansion through SunBelt and at St. Gabriel, LA after completion of the current conversion and expansion project.

Winchester

Products and Services

Winchester is in its 142 nd year of operation and its 78 th year as part of Olin. Winchester is a premier developer and manufacturer of small caliber ammunition for sale to domestic and international retailers (commercial customers), law enforcement agencies and domestic and international militaries. We believe we are a leading U.S. producer of ammunition for recreational shooters, hunters, law enforcement agencies and the U.S. Armed Forces. As an example of our law enforcement business, the Federal Bureau of Investigation (FBI) awarded Winchester a five-year contract in 2007 for bonded pistol ammunition. Our legendary Winchester ® product line includes all major gauges and calibers of shotgun shells, rimfire and centerfire ammunition for pistols and rifles, reloading components and industrial cartridges. We believe we are the leading U.S. supplier of small caliber commercial ammunition. As part of our continuous improvement initiatives, our manufacturing facility in Oxford, MS achieved ISO 9001:2000 certification in 2008. Our manufacturing facility in East Alton, IL had previously achieved ISO 9001:2000 certification in 2006.

Winchester has strong relationships throughout the sales and distribution chain and strong ties to traditional dealers and distributors. Winchester has built its business with key high volume mass merchants and specialty sporting goods retailers. We have consistently developed industry-leading ammunition. In 2008, Winchester was named "2008 Ammunition Manufacturer of the Year" by the National Association of Sporting Goods Wholesalers. In 2007, Winchester® Supreme Elite™ XP 3 ® centerfire rifle product line was honored with the National Rifle Association's "Golden Bullseye Award" in the ammunition category. In addition, two Winchester loads were selected by *Outdoor Life* magazine to receive the "2007 Editor's Choice" award for new ammunition products: Winchester® WinLite® Low Recoil Target Loads received the designation in the Target/Wingshooting Shotshell category, while Winchester® Supreme® Partition Gold® .460 S&W was honored in the Handgun ammunition category. Winchester® WinLite® 20-Gauge Low Recoil Target Load was additionally highlighted in *Field & Stream* magazine's "2007 Gear of the Year" feature.

Winchester purchases raw materials such as copper-based strip and ammunition cartridge case cups and lead from vendors based on a conversion charge or premium. These conversion charges or premiums are in addition to the market prices for metal as posted on exchanges such as the Commodity Exchange, or COMEX, and London Metals Exchange, or LME. Winchester's other main raw material is propellant, which is purchased predominantly from one of the United States' largest propellant suppliers.

The following table lists products and services of our Winchester business, with principal products on the basis of annual sales highlighted in bold face.

Products & Services	*Major End Uses*	*Plants & Facilities*	*Major Raw Materials & Components for Products/Services*
Winchester® sporting ammunition (shot-shells, small caliber centerfire & rimfire ammunition)	Hunters & recreational shooters, law enforcement agencies	East Alton, IL Oxford, MS Geelong, Australia	brass, lead, steel, plastic, propellant, explosives
Small caliber military ammunition	Infantry and mounted weapons	East Alton, IL Oxford, MS	brass, lead, propellant, explosives
Industrial products (8 gauge loads & powder-actuated tool loads)	Maintenance applications in power & concrete industries, powder-actuated tools in construction industry	East Alton, IL Oxford, MS Geelong, Australia	brass, lead, plastic, propellant, explosives

Strategies

Leverage Existing Strengths. Winchester plans to seek new opportunities to leverage the legendary Winchester brand name and will continue to offer a full line of ammunition products to the markets we serve, with specific focus on investments that lower our costs and that make Winchester ammunition the retail brand of choice.

Focus on Product Line Growth. With a long record of pioneering new product offerings, Winchester has built a strong reputation as an industry innovator. This includes the introduction of reduced-lead and non-lead products, which are growing in popularity for use in indoor shooting ranges and for outdoor hunting.

INTERNATIONAL OPERATIONS

Our subsidiary, PCI Chemicals Canada Company/Société PCI Chimie Canada, operates one chlor alkali facility in Becancour, Canada, which sells chlor alkali-related products within Canada and to the United States. Our subsidiary, Winchester Australia Limited, loads and packs sporting and industrial ammunition in Australia. See the Note "Segment Information" of the Notes to Consolidated Financial Statements in Item 8, for geographic segment data. We are incorporating our segment information from that Note into this section of our Form 10-K.

CUSTOMERS AND DISTRIBUTION

During 2008, no single customer accounted for more than 8% of sales. Sales to all U.S. government agencies and sales under U.S. government contracting activities in total accounted for approximately 3% of sales in 2008. Products we sell to industrial or commercial users or distributors for use in the production of other products constitute a major part of our total sales. We sell some of our products, such as caustic soda and sporting ammunition, to a large number of users or distributors, while we sell others, such as chlorine, in substantial quantities to a relatively small number of industrial users. We discuss the customers for each of our two businesses in more detail above under "Products and Services."

We market most of our products and services primarily through our sales force and sell directly to various industrial customers, wholesalers, other distributors, and the U.S. Government and its prime contractors.

Because we engage in some government contracting activities and make sales to the U.S. Government, we are subject to extensive and complex U.S. Government procurement laws and regulations. These laws and regulations provide for ongoing government audits and reviews of contract procurement, performance and administration. Failure to comply, even inadvertently, with these laws and regulations and with laws governing the export of munitions and other controlled products and commodities could subject us or one or more of our businesses to civil and criminal penalties, and under certain circumstances, suspension and debarment from future government contracts and the exporting of products for a specified period of time.

BACKLOG

The total amount of contracted backlog was approximately $228.8 million and $128.5 million as of January 31, 2009 and 2008, respectively. The backlog orders are in our Winchester business. Backlog is comprised of all open customer orders not yet shipped. Approximately 85% of contracted backlog as of January 31, 2009 is expected to be filled during 2009.

COMPETITION

We are in active competition with businesses producing the same or similar products, as well as, in some instances, with businesses producing different products designed for the same uses.

Chlor alkali manufacturers in North America, with approximately 15.1 million tons of chlorine and 16.0 million tons of caustic soda capacity, account for approximately 20% of worldwide chlor alkali production capacity. According to CMAI, the Dow Chemical Company (Dow), and the Occidental Chemical Corporation (OxyChem), are the two largest chlor alkali producers in North America. Approximately 75% of the total North American capacity is located in the U.S. Gulf Coast region.

Many of our competitors are integrated producers of chlorine, using some of, or all, of their chlorine production in the manufacture of other downstream products. In contrast, we are primarily a merchant producer of chlorine and sell the majority of our chlorine to merchant customers. We do utilize chlorine to manufacture industrial bleach and hydrochloric acid. As a result, we supply a greater share of the merchant chlorine market than our share of overall industry capacity. There is a worldwide market for caustic soda, which attracts imports and allows exports depending on market conditions. All of our competitors sell caustic soda into the North American market.

The chlor alkali industry in North America is highly competitive, and many of our competitors, including Dow and OxyChem, are substantially larger and have greater financial resources than we do. While the technologies to manufacture and transport chlorine and caustic soda are widely available, the production facilities require large capital investments, and are subject to significant regulatory and permitting requirements.

We are among the largest manufacturers in the United States of commercial small caliber ammunition based on data provided by the Sporting Arms and Ammunition Manufacturers' Institute (SAAMI). Founded in 1926, SAAMI is an association of the nation's leading manufacturers of sporting firearms, ammunition and components. According to SAAMI, in addition to our Winchester business, Alliant Techsystems Inc. (ATK) and Remington Arms Company, Inc. (Remington) are the three largest commercial ammunition manufacturers in the United States. The ammunition industry is highly competitive with us, ATK, Remington, numerous smaller domestic manufacturers and foreign producers competing for sales to the commercial ammunition customers. Many factors influence our ability to compete successfully, including price, delivery, service, performance, product innovation and product recognition and quality, depending on the product involved.

EMPLOYEES

As of December 31, 2008, we had approximately 3,600 employees, with 3,400 working in the United States and 200 working in foreign countries, primarily Canada. Various labor unions represent a majority of our hourly-paid employees for collective bargaining purposes.

The following labor contracts are scheduled to expire in 2009 or early 2010:

Location	*Number of Employees*	*Expiration Date*
Tacoma, WA (Chlor Alkali)	13	December 2009
Henderson, NV (Chlor Alkali)	73	March 2010

While we believe our relations with our employees and their various representatives are generally satisfactory, we cannot assure that we can conclude these labor contracts or any other labor agreements without work stoppages and cannot assure that any work stoppages will not have a material adverse effect on our business, financial condition, or results of operations.

RESEARCH ACTIVITIES; PATENTS

Our research activities are conducted on a product-group basis at a number of facilities. Company-sponsored research expenditures were $2.0 million in 2008 and 2007 and $1.8 million in 2006.

We own or license a number of patents, patent applications, and trade secrets covering our products and processes. We believe that, in the aggregate, the rights under our patents and licenses are important to our operations, but we do not consider any individual patent or license or group of patents and licenses related to a specific process or product to be of material importance to our total business.

RAW MATERIALS AND ENERGY

We purchase the major portion of our raw material requirements. The principal basic raw materials for our production of chlor alkali products are salt, electricity, potassium chloride, sulfur dioxide, and hydrogen. A portion of the salt used in our Chlor Alkali Products segment is produced from internal resources. Lead, brass, and propellant are the principal raw materials used in the Winchester business. We typically purchase our electricity, salt, potassium chloride, sulfur dioxide, ammunition cartridge case cups and copper-based strip, and propellants pursuant to multi-year contracts. We provide additional information with respect to specific raw materials in the tables above under “Products and Services.”

Electricity is the predominant energy source for our manufacturing facilities. Most of our facilities are served by utilities which generate electricity principally from coal, hydroelectric and nuclear power except at St. Gabriel, LA and Henderson, NV which predominantly use natural gas.

ENVIRONMENTAL AND TOXIC SUBSTANCES CONTROLS

In the United States, the establishment and implementation of federal, state and local standards to regulate air, water and land quality affect substantially all of our manufacturing locations. Federal legislation providing for regulation of the manufacture, transportation, use and disposal of hazardous and toxic substances, and remediation of contaminated sites has imposed additional regulatory requirements on industry, particularly the chemicals industry. In addition, implementation of environmental laws, such as the Resource Conservation and Recovery Act and the Clean Air Act, has required and will continue to require new capital expenditures and will increase operating costs. Our Canadian facility is governed by federal environmental laws administered by Environment Canada and by provincial environmental laws enforced by administrative agencies. Many of these laws are comparable to the U.S. laws described above. We employ waste minimization and pollution prevention programs at our manufacturing sites and we are a party to various governmental and private environmental actions associated with former waste disposal sites and past manufacturing facilities. Charges or credits to income for investigatory and remedial efforts were material to operating results in the past three years and may be material to net income in future years.

See our discussion of our environmental matters in Item 3, “Legal Proceedings” below, the Note “Environmental” of the Notes to Consolidated Financial Statements contained in Item 8, and Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Item 1A. RISK FACTORS

In addition to the other information in this Form 10-K, the following factors should be considered in evaluating Olin and our business. All of our forward-looking statements should be considered in light of these factors. Additional risks and uncertainties that we are unaware of or that we currently deem immaterial also may become important factors that affect us.

Sensitivity to Global Economic Conditions and Cyclicality —Our operating results could be negatively affected during economic downturns.

The business of most of our customers, particularly our vinyl, urethanes, and pulp and paper customers are, to varying degrees, cyclical and have historically experienced periodic downturns. These economic and industry downturns have been characterized by diminished product demand, excess manufacturing capacity and, in some cases, lower average selling prices. Therefore, any significant downturn in our customers' businesses or in global economic conditions could result in a reduction in demand for our products and could adversely affect our results of operations or financial condition.

Although we do not generally sell a large percentage of our products directly to customers abroad, a large part of our financial performance is dependent upon a healthy economy beyond the United States. Our customers sell their products abroad. As a result, our business is affected by general economic conditions and other factors in Western Europe and most of East Asia, particularly China and Japan, including fluctuations in interest rates, customer demand, labor costs, currency changes, and other factors beyond our control. The demand for our customers' products, and therefore, our products, is directly affected by such fluctuations. In addition, our customers could decide to move some or all of their production to lower cost, offshore locations, and this could reduce demand in the United States for our products. We cannot assure you that events having an adverse effect on the industries in which we operate will not occur or continue, such as a downturn in the Western European, Asian or world economies, increases in interest rates, or unfavorable currency fluctuations. Economic conditions in other regions of the world, predominantly Asia and Europe, can increase the amount of caustic soda produced and available for export to North America. The increased caustic soda supply can put downward pressure on our caustic soda prices, negatively impacting our profitability.

Cyclical Pricing Pressure —Our profitability could be reduced by declines in average selling prices of our products, particularly declines in the ECU netback for chlorine and caustic.

Our historical operating results reflect the cyclical and sometimes volatile nature of the chemical and ammunition industries. We experience cycles of fluctuating supply and demand in each of our business segments, particularly in Chlor Alkali Products, which results in changes in selling prices. Periods of high demand, tight supply and increasing operating margins tend to result in increases in capacity and production until supply exceeds demand, generally followed by periods of oversupply and declining prices. The only significant chlor alkali capacity (over 100,000 annual ECU's) which became operational during 2008 was at the Shintech facility in Plaquemine, LA. Shintech has also announced capacity increases for 2009 and 2010. In North America, because Shintech consumes the chlorine it produces, this expansion may result in more caustic soda supply in the market. Dow has announced the permanent closure in 2009 of their Oyster Creek (Freeport), TX facility. Another factor influencing demand and pricing for chlorine and caustic soda is the price of natural gas. Higher natural gas prices increase our customers' and competitors' manufacturing costs, and depending on the ratio of crude oil to gas prices, could make them less than competitive in world markets; and therefore, may result in reduced demand for our products. Continued expansion offshore, particularly in Asia, will continue to have an impact on the ECU values as imported caustic soda replaces some capacity in the U.S.

Price in the chlor alkali industry is a major supplier selection criterion. We have little or no ability to influence prices in this large commodity market. Decreases in the average selling prices of our products could have a material adverse effect on our profitability. For example, assuming all other costs remain constant and internal consumption remains approximately the same, a $10 per ECU selling price change equates to an approximate $17 million annual change in our revenues and pretax profit when we are operating at full capacity. While we strive to maintain or increase our profitability by reducing costs through improving production efficiency, emphasizing higher margin products, and by controlling transportation, selling, and administration expenses, we cannot assure you that these efforts will be sufficient to offset fully the effect of changes in pricing on operating results.

Because of the cyclical nature of our businesses, we cannot assure you that pricing or profitability in the future will be comparable to any particular historical period, including the most recent period shown in our operating results. We cannot assure you that the chlor alkali industry will not experience adverse trends in the future, or that our operating results and/or financial condition will not be adversely affected by them.

Our Winchester segment is also subject to changes in operating results as a result of cyclical pricing pressures, but to a lesser extent than the Chlor Alkali Products segment. Selling prices of ammunition are affected by changes in raw material costs and availability and customer demand, and declines in average selling prices of our Winchester segment could adversely affect our profitability.

Imbalance in Demand for Our Chlor Alkali Products —A loss of a substantial customer for our chlorine or caustic soda could cause an imbalance in demand for these products, which could have an adverse effect on our results of operations.

Chlorine and caustic soda are produced simultaneously and in a fixed ratio of 1.0 ton of chlorine to 1.1 tons of caustic soda. The loss of a substantial chlorine or caustic soda customer could cause an imbalance in demand for our chlorine and caustic soda products. An imbalance in demand may require us to reduce production of both chlorine and caustic soda or take other steps to correct the imbalance. Since we cannot store chlorine, we may not be able to respond to an imbalance in demand for these products as quickly or efficiently as some of our competitors. If a substantial imbalance occurred, we would need to reduce prices or take other actions that could have a negative impact on our results of operations and financial condition.

Environmental Costs —We have ongoing environmental costs, which could have a material adverse effect on our financial position or results of operations.

The nature of our operations and products, including the raw materials we handle, exposes us to the risk of liabilities or claims with respect to environmental matters. In addition, we are party to various governmental and private environmental actions associated with past manufacturing facilities and former waste disposal sites. We have incurred, and expect to incur, significant costs and capital expenditures in complying with environmental laws and regulations.

The ultimate costs and timing of environmental liabilities are difficult to predict. Liabilities under environmental laws relating to contaminated sites can be imposed retroactively and on a joint and several basis. One liable party could be held responsible for all costs at a site, regardless of fault, percentage of contribution to the site or the legality of the original disposal. We could incur significant costs, including cleanup costs, natural resources damages, civil or criminal fines and sanctions and third-party lawsuits claiming, for example, personal injury and/or property damage, as a result of past or future violations of, or liabilities under, environmental or other laws.

In addition, future events, such as changes to or more rigorous enforcement of environmental laws, could require us to make additional expenditures, modify or curtail our operations and/or install pollution control equipment.

Accordingly, it is possible that some of the matters in which we are involved or may become involved may be resolved unfavorably to us, which could materially adversely affect our financial position or results of operations. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations-Environmental Matters.”

Pension Plans —The impact of declines in global equity markets on asset values and any declines in interest rates used to value the liabilities in our pension plan may result in higher pension costs and the need to fund the pension plan in future years in material amounts.

In May 2007 and September 2006, we made voluntary pension plan contributions of $100.0 million and $80.0 million, respectively.

Under Statement of Financial Accounting Standards (SFAS) No. 158, “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans,” (SFAS No. 158), we recorded an after-tax charge of $99.4 million ($162.7 million pretax) to Shareholders’ Equity as of December 31, 2008 for our pension and other postretirement plans. This charge reflected the unfavorable performance on plan assets during 2008. In 2007, we recorded a $138.3 million after-tax credit ($226.6 million pretax) to Shareholders’ Equity as of December 31, 2007 for our pension and other postretirement plans. This credit reflected a 25-basis point increase in the plans’ discount rate, combined with an increase in the value of the plan assets from favorable plan performance and the $100.0 million contribution. In 2006, we recorded an after-tax credit of $54.5 million ($89.2 million pretax) to Shareholders’ Equity as a result of a decrease in the accumulated pension benefit obligation, which resulted primarily from a 25-basis point increase in the plan discount rate, combined with an increase in the value of the plan assets from favorable plan performance and the $80.0 million contribution. In 2006, we adopted SFAS No. 158, which required us to record a net liability or asset to report the funded status of our defined benefit pension and other postretirement plans on our balance sheet. As a result, we recorded after-tax charges to Shareholders’ Equity of $39.7 million and $33.6 million for the pension and other postretirement plans, respectively ($65.0 million and $55.0 million pretax, respectively). The non-cash charges or credits to Shareholders’ Equity do not affect our ability to borrow under our senior revolving credit agreement.

During 2007, the asset allocation in the plan was adjusted to insulate the plan from discount rate risk and reduce the plan's exposure to equity investments. Effective January 1, 2008, we froze our defined benefit pension plan for salaried and certain non-bargained hourly workers and these employees began to participate in a defined contribution pension plan. In 2009, we expect pension income associated with the defined benefit plan to be higher compared to 2008. The increase is primarily the result of the absence of the $4.1 million curtailment charges, which were included in 2008, but also reflects the combination of the unfavorable returns on plan assets in 2008, offset by the favorable impact of the 2008 plan curtailments.

The determinations of pension expense and pension funding are based on a variety of rules and regulations. Changes in these rules and regulations could impact the calculation of pension plan liabilities and the valuation of pension plan assets. They may also result in higher pension costs, additional financial statement disclosure, and accelerate and increase the need to fully fund the pension plan. During the third quarter of 2006, the "Pension Protection Act of 2006" became law, amended by "The Worker, Retiree, and Employer Recovery Act," during the fourth quarter of 2008. Among the stated objectives of the laws were the protection of both pension beneficiaries and the financial health of the Pension Benefit Guaranty Corporation (PBGC). To accomplish these objectives, the new laws required sponsors to fund defined benefit pension plans earlier than previous requirements and to pay increased PBGC premiums. Based on the combination of the asset allocation adjustment, the favorable asset performance in 2006 and 2007, the $100.0 million and $80.0 million voluntary contributions, and the benefits from the plan freeze, offset by the unfavorable performance on plan assets in 2008, we will not be required to make any cash contributions to the domestic defined benefit pension plan at least through 2009. At December 31, 2008, the projected benefit obligation of our defined pension plan of $1,644.0 million exceeded the market value of assets in our defined pension plan by $1.7 million.

In addition, the impact of declines in global equity and bond markets on asset values may result in higher pension costs and may increase and accelerate the need to fund the pension in future years. For example, holding all other assumptions constant, a 100-basis point decrease or increase in the assumed rate of return on plan assets would have decreased or increased, respectively, the 2008 qualified pension plan income by approximately $15.0 million.

Holding all other assumptions constant, a 50-basis point decrease in the discount rate used to calculate pension income for 2008 and the projected benefit obligation as of December 31, 2008 would have decreased pension income by $0.8 million and increased the projected benefit obligation by $79.0 million. A 50-basis point increase in the discount rate used to calculate pension income for 2008 and the projected benefit obligation as of December 31, 2008 would have increased pension income by $1.9 million and decreased the projected benefit obligation by $79.0 million.

Litigation and Claims —We are subject to litigation and other claims, which could cause us to incur significant expenses.

We are a defendant in a number of pending legal proceedings relating to our present and former operations. These include proceedings alleging injurious exposure of plaintiffs to various chemicals and other substances (including proceedings based on alleged exposures to asbestos). Frequently, such proceedings involve claims made by numerous plaintiffs against many defendants. However, because of the inherent uncertainties of litigation, we are unable to predict the outcome of these proceedings and therefore cannot determine whether the financial impact, if any, will be material to our financial position or results of operations.

Security and Chemicals Transportation —New regulations on the transportation of hazardous chemicals and/or the security of chemical manufacturing facilities and public policy changes related to transportation safety could result in significantly higher operating costs.

The chemical industry, including the chlor alkali industry, has proactively responded to the issues related to national security and environmental concerns by starting new initiatives relating to the security of chemicals industry facilities and the transportation of hazardous chemicals in the United States. Government at the local, state, and federal levels also has begun regulatory processes which could lead to new regulations that would impact the security of chemical plant locations and the transportation of hazardous chemicals. Our Chlor Alkali business could be adversely impacted by the cost of complying with any new regulations. Our business also could be adversely affected because of an incident at one of our facilities or while transporting product. The extent of the impact would depend on the requirements of future regulations and the nature of an incident, which are unknown at this time.

Production Hazards —Our facilities are subject to operating hazards, which may disrupt our business.

We are dependent upon the continued safe operation of our production facilities. Our production facilities are subject to hazards associated with the manufacture, handling, storage and transportation of chemical materials and products and ammunition, including leaks and ruptures, explosions, fires, inclement weather and natural disasters, unexpected utility disruptions or outages, unscheduled downtime and environmental hazards. From time to time in the past, we have had incidents that have temporarily shut down or otherwise disrupted our manufacturing, causing production delays and resulting in liability for workplace injuries and fatalities. Some of our products involve the manufacture and/or handling of a variety of explosive and flammable materials. Use of these products by our customers could also result in liability if an explosion, fire, spill or other accident were to occur. We cannot assure you that we will not experience these types of incidents in the future or that these incidents will not result in production delays or otherwise have a material adverse effect on our business, financial condition or results of operations.

Cost Control —Our profitability could be reduced if we continue to experience increasing raw material, utility, transportation or logistics costs, or if we fail to achieve our targeted cost reductions.

Our operating results and profitability are dependent upon our continued ability to control, and in some cases further reduce, our costs. If we are unable to do so, or if costs outside of our control, particularly our costs of raw materials, utilities, transportation and similar costs, increase beyond anticipated levels, our profitability will decline.

Indebtedness —Our indebtedness could adversely affect our financial condition and limit our ability to grow and compete, which could prevent us from fulfilling our obligations under our indebtedness.

As of December 31, 2008, we had $252.4 million of indebtedness outstanding, including $11.3 million representing the fair value related to $101.6 million of interest rate swaps in effect at December 31, 2008 and excluding our guarantee of $54.8 million of indebtedness of SunBelt. This does not include our $240.0 million senior revolving credit facility of which we had $207.1 million available on that date because we had issued $32.9 million of letters of credit. As of December 31, 2008, our indebtedness represented 26.4% of our total capitalization. At December 31, 2008, none of our indebtedness was due within one year.

Our indebtedness could adversely affect our financial condition and limit our ability to grow and compete, which in turn could prevent us from fulfilling our obligations under our indebtedness. Despite our level of indebtedness, the terms of our senior revolving credit facility and our existing indentures permit us to borrow additional money. If we borrow more money, the risks related to our indebtedness could increase significantly.

Debt Service —We may not be able to generate sufficient cash to service our debt, which may require us to refinance our indebtedness or default on our scheduled debt payments.

Our ability to generate sufficient cash flow from operations to make scheduled payments on our debt depends on a range of economic, competitive and business factors, many of which are outside our control. We cannot assure you that our business will generate sufficient cash flow from operations. If we are unable to meet our expenses and debt obligations, we may need to refinance all or a portion of our indebtedness on or before maturity, sell assets or raise equity. We cannot assure you that we would be able to refinance any of our indebtedness, sell assets or raise equity on commercially reasonable terms or at all, which could cause us to default on our obligations and impair our liquidity. Our inability to generate sufficient cash flow to satisfy our debt obligations, or to refinance our obligations on commercially reasonable terms, would have an adverse effect on our business, financial condition and results of operations, as well as on our ability to satisfy our debt obligations. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” See Item 7A—“Quantitative and Qualitative Disclosures about Market Risk” and “Liquidity and Other Financing Arrangements.”

Credit and Capital Market Conditions —Adverse conditions in the credit and capital markets may limit or prevent our ability to borrow or raise capital.

While we believe we have facilities in place that should allow us to borrow funds as needed, adverse conditions in the credit and financial markets could prevent us from obtaining financing, if the need arises. Our ability to invest in our businesses and refinance maturing debt obligations could require access to the credit and capital markets and sufficient bank credit lines to support cash requirements. If we are unable to access the credit and capital markets, we could experience a material adverse effect on our financial position or results of operations.

Effects of Regulation— Changes in legislation or government regulations or policies could have a material adverse effect on our financial position or results of operations.

Legislation that may be passed by Congress or other legislative bodies or new regulations that may be issued by federal and other administrative agencies could significantly affect the sales, costs and profitability of our business. The chemical and ammunition industries are subject to legislative and regulatory actions, which could have a material adverse effect on our financial position or results of operations.

Labor Matters —We cannot assure you that we can conclude future labor contracts or any other labor agreements without work stoppages.

Various labor unions represent a majority of our hourly-paid employees for collective bargaining purposes. The following labor contracts are scheduled to expire in 2009 or early 2010:

Location	*Number of Employees*	*Expiration Date*
Tacoma, WA (Chlor Alkali)	13	December 2009
Henderson, NV (Chlor Alkali)	73	March 2010

While we believe our relations with our employees and their various representatives are generally satisfactory, we cannot assure that we can conclude future labor contracts or any other labor agreements without work stoppages and cannot assure that any work stoppages will not have a material adverse effect on our business, financial condition, or results of operations.

Item 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

Item 2. PROPERTIES

We have manufacturing sites at 13 separate locations in ten states, Canada and Australia. Most manufacturing sites are owned although a number of small sites are leased. We listed the locations at or from which our products and services are manufactured, distributed, or marketed in the tables set forth under the caption “Products and Services.”

We lease warehouses, terminals and distribution offices and space for executive and branch sales offices and service departments.

Item 3. LEGAL PROCEEDINGS

Saltville

We have completed all work in connection with remediation of mercury contamination at the site of our former mercury cell chlor alkali plant in Saltville, VA required to date. In mid-2003, the Trustees for natural resources in the North Fork Holston River, the Main Stem Holston River, and associated floodplains, located in Smyth and Washington Counties in Virginia and in Sullivan and Hawkins Counties in Tennessee notified us of, and invited our participation in, an assessment of alleged injuries to natural resources resulting from the release of mercury. The Trustees also notified us that they have made a preliminary determination that we are potentially liable for natural resource damages in said rivers and floodplains. We have agreed to participate in the assessment. We and the Trustees have agreed to enter into discussions concerning a resolution of this matter. In light of the ongoing discussions and inherent uncertainties of the assessment, we cannot at this time determine whether the financial impact, if any, of this matter will be material to our financial position or results of operations. See “Environmental Matters” contained in Item 7—“Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

St. Gabriel, LA Mercury Vapor Emissions Release

Our subsidiary, Pioneer, discovered in October 2004 that the carbon-based system used to remove mercury from the hydrogen gas stream at the St. Gabriel, LA facility was not at that time sufficiently effective, resulting in mercury vapor emissions that were above the permit limits approved by the Louisiana Department of Environmental Quality (LDEQ). Pioneer immediately reduced the plant’s operating rate and, in late November 2004, completed the installation of the necessary equipment and made the other needed changes, and the plant resumed its normal operations. Pioneer’s emissions monitoring since that time confirmed that the air emissions are below the permit limits. In January 2005, the LDEQ issued a violation notice to Pioneer as a result of this mercury vapor emissions release. In December 2005, the LDEQ issued a penalty assessment of $0.4 million with respect to the notice of violation. Pioneer has administratively appealed the penalty assessment. Given the facts and circumstances, Pioneer requested that the LDEQ reconsider the penalty assessment.

Other

As part of the continuing environmental investigation by federal, state, and local governments of waste disposal sites, we have entered into a number of settlement agreements requiring us to participate in the investigation and cleanup of a number of sites. Under the terms of such settlements and related agreements, we may be required to manage or perform one or more elements of a site cleanup, or to manage the entire remediation activity for a number of parties, and subsequently seek recovery of some or all of such costs from other Potentially Responsible Parties (PRPs). In many cases, we do not know the ultimate costs of our settlement obligations at the time of entering into particular settlement agreements, and our liability accruals for our obligations under those agreements are often subject to significant management judgment on an ongoing basis. Those cost accruals are provided for in accordance with generally accepted accounting principles and our accounting policies set forth in the environmental matters section in Item 7—“Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

We, and our subsidiaries, are defendants in various other legal actions (including proceedings based on alleged exposures to asbestos) incidental to our past and current business activities. While we believe that none of these legal actions will materially adversely affect our financial position, in light of the inherent uncertainties of litigation, we cannot at this time determine whether the financial impact, if any, of these matters will be material to our results of operations.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

We did not submit any matter to a vote of security holders during the three months ended December 31, 2008.

Executive Officers of the Registrant as of February 24, 2009

Name and Age	*Office*	*Served as an Olin Officer Since*
Joseph D. Rupp (58)	Chairman, President and Chief Executive Officer	1996
Stephen C. Curley (57)	Vice President and Treasurer	2005
John E. Fischer (53)	Vice President and Chief Financial Officer	2004
G. Bruce Greer, Jr. (48)	Vice President, Strategic Planning	2005
Richard M. Hammett (62)	Vice President and President, Winchester Division	2005
Dennis R. McGough (60)	Vice President, Human Resources	2005
John L. McIntosh (54)	Vice President and President, Chlor Alkali Products Division	1999
George H. Pain (58)	Vice President, General Counsel and Secretary	2002
Todd A. Slater (45)	Vice President and Controller	2005

No family relationship exists between any of the above named executive officers or between any of them and any of our directors. Such officers were elected to serve, subject to the By-laws, until their respective successors are chosen.

J. E. Fischer, J. D. Rupp, J. L. McIntosh, and G. H. Pain have served as executive officers more than five years.

Stephen C. Curley re-joined Olin on August 18, 2003 as Chief Tax Counsel. He was elected Vice President and Treasurer effective January 1, 2005. From 1997-2001, he served as Vice President and Treasurer of Primex Technologies, Inc., a manufacturer and provider of ordnance and aerospace products and services, which was spun off from Olin in 1996.

G. Bruce Greer, Jr. joined Olin on May 2, 2005 as Vice President, Strategic Planning. Prior to joining Olin and since 1997, Mr. Greer was employed by Solutia, Inc., an applied chemicals company. From 2003 to April 2005, he served as President of Pharma Services, a Division of Solutia and Chairman of Flexsys, an international rubber chemicals company which was a joint venture partially owned by Solutia and Akzo Nobel. Prior to that, Mr. Greer served as a Vice President of Corporate Development, Technology, and Information Technology for Solutia.

Richard M. Hammett was elected Vice President and President, Winchester Division effective January 1, 2005. Prior to that time and since September 2002, he served as President, Winchester Division. From November 1998 until September 2002, he served as Vice President, Marketing and Sales for the Winchester Division.

Dennis R. McGough was elected Vice President, Human Resources effective January 1, 2005. Prior to that time and since 1999, he served as Corporate Vice President, Human Resources.

Todd A. Slater was elected Vice President and Controller, effective May 27, 2005. From April 2004 until May 2005, he served as Operations Controller. From January 2003 until April 2004, he served as Vice President and Financial Officer for Olin’s former Metals Group. Prior to 2003, Mr. Slater served as Vice President, Chief Financial Officer and Secretary for Chase Industries Inc. (which was merged into Olin on September 27, 2002 and divested as part of the sale of the Metals business in November 2007).

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

As of January 30, 2009, we had 5,095 record holders of our common stock.

Our common stock is traded on the New York Stock Exchange.

The high and low sales prices of our common stock during each quarterly period in 2008 and 2007 are listed below. A dividend of $0.20 per common share was paid during each of the four quarters in 2008 and 2007.

2008	*First Quarter*	*Second Quarter*	*Third Quarter*	*Fourth Quarter*
Market price of common stock per New York Stock Exchange composite transactions				
High	$ 21.93	$ 27.95	$ 30.39	$ 19.39
Low	15.01	19.65	18.52	12.52
2007				
Market price of common stock per New York Stock Exchange composite transactions				
High	$ 18.33	$ 21.20	$ 22.99	$ 24.53
Low	15.97	16.45	17.45	18.51

Issuer Purchases of Equity Securities

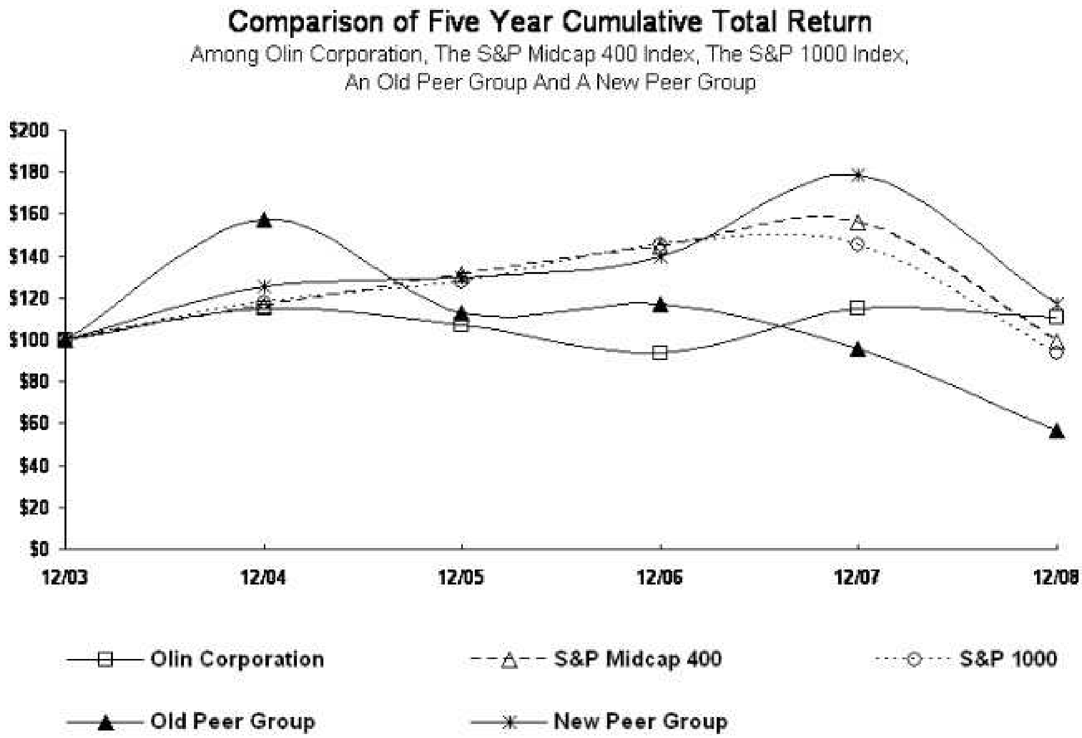
Period	*Total Number of Shares (or Units) Purchased*	*Average Price Paid per Share (or Unit)*	*Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs*	*Maximum Number of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs*
October 1-31, 2008	—	N/A	—	
November 1-30, 2008	—	N/A	—	
December 1-31, 2008	—	N/A	—	
Total				154,076[(1)]

(1) On April 30, 1998, we announced a share repurchase program approved by our board of directors for the purchase of up to 5 million shares of common stock. Through December 31, 2008, 4,845,924 shares had been repurchased, and 154,076 shares remain available for purchase under that program, which has no termination date.

Performance Graph

This graph compares the total shareholder return on our common stock with the total return on the (i) Standard and Poor's 1000 Index (the "S&P 1000"), (ii) the Current Peer Group, (iii) Standard & Poor's Midcap 400 and (iv) the Former Peer Group. Our Current Peer Group is comprised of Georgia Gulf Corporation, Occidental Petroleum Corporation, Alliant Techsystems, PPG Industries, Inc., The Dow Chemical Company and Westlake Chemical Corporation, and our Former Peer Group consists of Georgia Gulf Corporation, Brush Engineered Materials Inc., Mueller Industries, Inc., and Wolverine Tube, Inc.

Our board adjusted the Peer Group to better reflect our current lines of business after the sale of our Metals business and the acquisition of Pioneer Companies. Our board believes that the S&P 1000 and the New Peer Group provide a better and more accurate basis to compare our performance, as the compensation committee uses the materials companies from the S&P 1000 along with our Current Peer Group for certain benchmarks in executive compensation.



	12/03	12/04	12/05	12/06	12/07	12/08
Olin Corporation	100	115	107	94	115	110
S&P Midcap 400	100	116	131	145	156	100
S&P 1000	100	118	128	145	145	93
Old Peer Group	100	158	113	117	96	57
New Peer Group	100	126	130	139	179	117

Data is for the five-year period from December 31, 2003 through December 31, 2008. The cumulative return includes reinvestment of dividends. Both the Current Peer Group and the Former Peer Group are weighted in accordance with market capitalization (closing stock price multiplied by the number of shares outstanding) as of the beginning of each of the five years covered by the performance graph. We calculated the weighted return for each year by multiplying (a) the percentage that each corporation's market capitalization represented of the total market capitalization for all corporations in that Peer Group for such year by (b) the total shareholder return for that corporation for such year.

Item 6. SELECTED FINANCIAL DATA

TEN-YEAR SUMMARY

($ and shares in millions, except per share data)	*2008*	*2007*	*2006*	*2005*	*2004*	*2003*	*2002*	*2001*	*2000*	*1999*
Operations										
Sales	$ 1,765	$ 1,277	$ 1,040	$ 955	$ 766	$ 703	$ 604	$ 653	$ 669	$ 622
Cost of Goods Sold	1,377	1,035	792	682	639	588	551	558	544	574
Selling and Administration	137	129	129	128	90	78	70	74	78	78
Loss on Restructuring of Businesses	—	—	—	—	(10)	—	—	(10)	—	—
Other Operating Income	1	2	7	9	6	—	—	—	—	—
Earnings (Loss) of Non-consolidated Affiliates	39	46	45	37	9	6	(8)	(9)	—	(13)
Interest Expense	13	22	20	20	20	20	26	17	16	16
Interest and Other (Expense) Income	(20)	12	12	20	5	3	4	22	5	3
Income (Loss) before Taxes from Continuing Operations	258	151	163	191	27	26	(47)	7	36	(56)
Income Tax Provision (Benefit)	100	50	39	74	8	8	(4)	2	14	(21)
Income (Loss) from Continuing Operations	158	101	124	117	19	18	(43)	5	22	(35)
Discontinued Operations, Net	—	(110)	26	21	36	(20)	12	(14)	59	56
Cumulative Effect of Accounting Changes, Net	—	—	—	(5)	—	(22)	—	—	—	—
Net Income (Loss)	$ 158	$ (9)	$ 150	$ 133	$ 55	$ (24)	$ (31)	$ (9)	$ 81	$ 21
Financial Position										
Cash and Cash Equivalents and Short-Term Investments	$ 247	$ 333	$ 276	$ 304	$ 147	$ 190	$ 136	$ 202	$ 82	$ 46
Working Capital, excluding Cash and Cash Equivalents and Short-Term Investments	24	(14)	223	191	232	168	233	67	159	194
Property, Plant and Equipment, Net	630	504	251	227	205	202	214	253	281	289
Total Assets	1,742	1,731	1,642	1,802	1,621	1,448	1,426	1,221	1,125	1,065
Capitalization:										
Short-Term Debt	—	10	2	1	52	27	2	102	1	1
Long-Term Debt	252	249	252	257	261	314	346	330	228	229
Shareholders' Equity	705	664	543	427	356	176	231	271	329	309
Total Capitalization	$ 957	$ 923	$ 797	$ 685	$ 669	$ 517	$ 579	$ 703	$ 558	$ 539
Per Share Data										
Net Income (Loss)										
Basic:										
Continuing Operations	$ 2.08	$ 1.36	$ 1.70	$ 1.65	$ 0.27	$ 0.30	$ (0.87)	$ 0.10	$ 0.49	$ (0.78)
Discontinued Operations, Net	—	(1.48)	0.36	0.30	0.53	(0.34)	0.24	(0.32)	1.31	1.23
Accounting Changes, Net	—	—	—	(0.08)	—	(0.38)	—	—	—	—
Net Income (Loss)	$ 2.08	$ (0.12)	$ 2.06	$ 1.87	$ 0.80	$ (0.42)	$ (0.63)	$ (0.22)	$ 1.80	$ 0.45
Diluted:										
Continuing Operations	$ 2.07	$ 1.36	$ 1.70	$ 1.65	$ 0.27	$ 0.30	$ (0.87)	$ 0.10	$ 0.49	$ (0.78)
Discontinued Operations, Net	—	(1.48)	0.36	0.29	0.53	(0.34)	0.24	(0.32)	1.31	1.23
Accounting Changes, Net	—	—	—	(0.08)	—	(0.38)	—	—	—	—
Net Income (Loss)	$ 2.07	$ (0.12)	$ 2.06	$ 1.86	$ 0.80	$ (0.42)	$ (0.63)	$ (0.22)	$ 1.80	$ 0.45
Cash Dividends:										
Common (historical)	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.90
Common (continuing operations)	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80
Market Price of Common Stock:										
High	30.39	24.53	22.65	25.35	22.99	20.53	22.60	22.75	23.19	19.88
Low	12.52	15.97	14.22	16.65	15.20	14.97	13.85	12.05	14.19	9.50
Year End	18.08	19.33	16.52	19.68	22.02	20.06	15.55	16.14	22.13	19.81
Other										
Capital Expenditures	$ 180	$ 76	$ 62	$ 63	$ 38	$ 33	$ 24	$ 29	$ 44	$ 39
Depreciation	68	47	38	36	33	40	51	55	52	50
Common Dividends Paid	61	59	58	57	56	47	39	35	36	41
Purchases of Common Stock	—	—	—	—	—	—	3	14	20	11
Current Ratio	1.6	1.8	2.2	2.3	2.1	2.1	2.4	1.8	1.9	2.0
Total Debt to Total Capitalization	26.4%	28.1%	31.8%	37.7%	46.8%	65.9%	60.0%	61.5%	41.1%	42.7%
Effective Tax Rate	38.8%	33.1%	24.2%	38.4%	29.6%	30.8%	n/a	30.9%	38.1%	37.0%
Average Common Shares Outstanding - Diluted	76.1	74.3	72.8	71.6	68.4	58.3	49.4	43.6	45.0	45.4
Shareholders	5,100	5,300	5,700	6,100	6,400	6,800	7,200	7,500	8,000	8,600
Employees [(1)]	3,600	3,600	3,100	2,900	2,800	2,700	3,000	2,700	2,900	3,200

Our Selected Financial Data reflects the following businesses as discontinued operations: Metals business in 2007, Olin Aegis in 2004 and the spin off of Arch (our specialty chemicals business) in 1999. Since August 31, 2007, our Selected Financial Data reflects the Pioneer acquisition.

(1) Employee data exclude employees who worked at government-owned/contractor-operated facilities.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

BUSINESS BACKGROUND

The Metals business was classified as discontinued operations during 2007 and was excluded from the segment results for all periods presented. As a result, our manufacturing operations are concentrated in two business segments: Chlor Alkali Products and Winchester. Both are capital intensive manufacturing businesses with operating rates closely tied to the general economy. Each segment has a commodity element to it, and therefore, our ability to influence pricing is quite limited on the portion of the segment's business that is strictly commodity. Our Chlor Alkali Products business is a commodity business where all supplier products are similar and price is the major supplier selection criterion. We have little or no ability to influence prices in this large, global commodity market. Cyclical price swings, driven by changes in supply/demand, can be abrupt and significant and, given capacity in our Chlor Alkali Products business, can lead to very significant changes in our overall profitability. Winchester also has a commodity element to its business, but a majority of Winchester ammunition is sold as a branded consumer product where there are opportunities to differentiate certain offerings through innovative new product development and enhanced product performance. While competitive pricing versus other branded ammunition products is important, it is not the only factor in product selection.

RECENT DEVELOPMENTS AND HIGHLIGHTS

2008 Year

In 2008, Chlor Alkali Products had record segment income of $328.3 million, an improvement of 38% compared with the prior year. This improvement reflects the combination of the full year contributions from the Pioneer acquisition of $72.7 million, including synergies, and improved pricing of $108.4 million. These were partially offset by the effect from lower chlorine and caustic soda volumes of $46.7 million. Operating rates in our Chlor Alkali Products business were 82% for 2008 and were negatively impacted during the fourth quarter of 2008 by lower levels of demand from major customer groups, and by hurricane-related outages at our St. Gabriel, LA facility and our SunBelt joint venture during the third quarter of 2008. In response to the low level of demand during the fourth quarter of 2008, we announced that the St. Gabriel, LA facility, which was shutdown for scheduled maintenance in late November 2008, will not resume operations until the current conversion and expansion project is completed. The project is expected to be completed in the second quarter of 2009. The St. Gabriel, LA facility represents approximately 10% of our chlorine and caustic soda capacity.

During the first three quarters of 2008, demand for caustic soda remained strong. However, caustic soda supply was constrained by the weakness in chlorine demand, which caused operating rates to be reduced. This created an imbalance between caustic soda supply and demand. This imbalance, combined with increased freight and energy costs, resulted in record levels of caustic soda pricing. During the fourth quarter of 2008, caustic soda demand weakened but less than the decline in chlorine demand. This caused the caustic soda supply and demand imbalance to continue, which continued to support caustic soda prices.

On March 12, 2008, we announced that, in connection with our plans to streamline Chlor Alkali manufacturing operations in Canada in order to serve our customer base in a more cost effective manner, we would close the acquired Dalhousie, New Brunswick, Canada chlorine, caustic soda, sodium chlorate, and bleach operations. We substantially completed the closure of the Dalhousie facility by June 30, 2008. We expect to incur cash expenditures of $2.5 million associated with the shutdown, which were previously included in current liabilities on the Pioneer acquisition balance sheet. We have paid $1.8 million of costs associated with this shutdown as of December 31, 2008. This action is expected to generate $8 million to $10 million of annual pretax savings.

Winchester segment income was $32.6 million in 2008, which represented record earnings for the Winchester business, an increase of 23% compared with the prior year. Winchester's results for 2008 reflected the combination of improved pricing and increased law enforcement volumes which more than offset higher commodity, material and manufacturing costs.

In 2008, other (expense) income included an impairment charge of the full value of a $26.6 million investment in corporate debt securities. On October 1, 2008, the issuer of these debt securities announced it would cease trading and appoint a receiver as a result of financial market turmoil. The decline in the market value of the assets supporting these debt securities negatively impacted the liquidity of the issuer. During the third quarter of 2008, we determined that these debt securities had no fair market value due to the actions taken by the issuer, turmoil in the financial markets, the lack of liquidity of the issuer, and the lack of trading in these debt securities. We are currently unable to utilize the capital loss resulting from the impairment of these corporate debt securities; therefore, no tax benefit was recognized during 2008 for the impairment loss.

In 2008, the defined benefit pension plan's investment portfolio declined by approximately 1%. The decline reflected the weakness in the domestic and international equity markets and increases in interest rate spreads, which reduced the value of certain corporate fixed income investments. The 2008 pension plan's investment performance reflects the actions taken in 2007 to reduce the defined benefit pension plan's exposure to equity investments and increase its exposure to fixed income investments. During the same period, interest rates on corporate bonds, used to determine the defined benefit pension plan's liability discount rate, fluctuated dramatically during the year but ended comparable with the levels at December 31, 2007, which resulted in no change to the discount rate for 2008. We recorded an after-tax charge of $99.4 million ($162.7 million pretax) to Shareholders' Equity as of December 31, 2008 for our pension and other postretirement plans, which reduced the over funded position in our pension plan that existed at December 31, 2007. This charge reflected the unfavorable performance on pension plan assets and the unchanged discount rate during 2008. Based on the current funding requirements, we will not be required to make any cash contributions to the domestic defined benefit pension plan at least through 2009.

2007 Year

Discontinued Operations

In 2001, the industry in which the Metals business operates experienced a 25% decline in volumes that created over capacity in the marketplace, which reduced our financial returns in the Metals business. Volumes did not return to pre-2001 levels. Since 2001, we had undertaken a number of restructuring and downsizing actions, including multiple plant closures. The benefits of these actions were more than offset by the escalation of both energy and commodity metal prices, specifically copper, zinc, and nickel. As a result, we were unable to realize acceptable returns in the business. During the second half of 2006 and first half of 2007, we evaluated a number of strategic alternatives for the Metals business, and we made the decision in mid-2007 to engage Goldman, Sachs & Co. to conduct a formal strategic evaluation process, including the alternative of selling the business. The sale of Metals provides us with the financial flexibility to pursue investments in areas where we can earn the best returns.

On October 15, 2007, we announced we entered into a definitive agreement to sell the Metals business to Global for $400 million, payable in cash. The price received was subject to a customary working capital adjustment. The sale was subject to Hart-Scott-Rodino Antitrust Improvement Act clearance, but not shareholder approval. The transaction closed on November 19, 2007. Based on the Metals assets held for sale, we recognized a pretax loss of $160.0 million partially offset by a $21.0 million income tax benefit, resulting in a net loss on disposal of discontinued operations of $139.0 million for 2007. The loss on disposal of discontinued operations included a pension curtailment charge of $6.9 million, other postretirement benefits curtailment credit of $1.1 million and estimated transaction fees of $24.6 million. The final loss recognized related to this transaction will be dependent upon the final determination of the value of working capital in the business. The loss on the disposal, which included transaction costs, reflected a book value of the Metals business of approximately $564 million and a tax basis of approximately $396 million. The difference between the book and tax values of the business reflected primarily goodwill of $75.8 million and intangibles of $10.4 million. Based on an estimated working capital adjustment, we anticipated net cash proceeds from the transaction of $380.8 million, which was in addition to the $98.1 million of after-tax cash flow realized from the operation of Metals during 2007.

In April 2008, we and Global entered into binding arbitration regarding the final working capital adjustment. The arbitration is expected to be concluded in 2009.

The Metals business was a reportable segment comprised of principal manufacturing facilities in East Alton, IL and Montpelier, OH. Metals produced and distributed copper and copper alloy sheet, strip, foil, rod, welded tube, fabricated parts, and stainless steel and aluminum strip. Sales for the Metals business were $1,891.7 million and $2,112.1 million for the period of our ownership in 2007 and 2006, respectively. The Metals business sales included commodity metal price changes that are primarily a pass-through. Intersegment sales of $81.4 million and $69.1 million for the period of our ownership in 2007 and 2006, respectively, representing the sale of ammunition cartridge case cups to Winchester from Metals, at prices that approximate market, have been eliminated from Metals sales. In conjunction with the sale of the Metals business, Winchester agreed to purchase the majority of its ammunition cartridge case cups and copper-based strip requirements from Global under a multi-year agreement with pricing, terms, and conditions which approximate market. The Metals business employed approximately 2,900 hourly and salaried employees. The results of operations from the Metals business have been presented as discontinued operations for all periods presented.

In conjunction with the sale of the Metals business, we retained certain assets and liabilities including certain assets co-located with our Winchester business in East Alton, IL, assets and liabilities associated with former Metals manufacturing locations, pension assets and pension and postretirement healthcare and life insurance liabilities associated with Metals employees for service earned through the date of sale, and certain environmental obligations existing at the date of closing associated with current and past Metals manufacturing operations and waste disposal sites.

Pioneer Acquisition

On August 31, 2007, we acquired Pioneer, a manufacturer of chlorine, caustic soda, bleach, sodium chlorate, and hydrochloric acid. Pioneer owned and operated four chlor-alkali plants and several bleach manufacturing facilities in North America. Under the merger agreement, each share of Pioneer common stock was converted into the right to receive $35.00 in cash, without interest. The aggregate purchase price for all of Pioneer's outstanding shares of common stock, together with the aggregate payment due to holders of options to purchase shares of common stock of Pioneer, was $426.1 million, which includes direct fees and expenses. We financed the merger with cash and $110.0 million of borrowings against our accounts receivable securitization facility (Accounts Receivable Facility). At the date of acquisition, Pioneer had cash and cash equivalents of $126.4 million. We assumed $120.0 million of Pioneer's convertible debt which was redeemed in the fourth quarter of 2007 and January 2008. We paid a conversion premium of $25.8 million on the Pioneer convertible debt.

For 2008 and the last four months of 2007, Pioneer sales were $552.7 million and $183.6 million, respectively, and segment income was $101.9 million and $29.2 million, respectively, which were included in our Chlor Alkali Products segment results.

As a result of acquiring Pioneer, we anticipate realizing $45 million to $50 million of annual cost savings from integrating the Pioneer operations and our operations within two years from the date of the acquisition. Since August 2007, Chlor Alkali Products segment earnings included approximately $47 million of realized synergies. The ability to optimize freight costs has been a key synergy realized as part of the Pioneer acquisition. In 2007 and 2008, we identified and implemented changes in ship-to and ship-from of both operations' locations that have reduced annual chlorine ton miles shipped by approximately 5%. The opportunity to rationalize selling and administration costs was also a significant cost savings realized as part of the Pioneer acquisition. During the first quarter of 2008, the Pioneer corporate office in Houston was closed, the space was subleased, and all of those activities were consolidated into our existing functions and facilities.

Financing

In August 2007, we entered into a $35 million letter of credit facility to assume the various Pioneer letters of credit issued principally to support the acquisition of materials for the St. Gabriel, LA facility conversion and expansion project.

On October 29, 2007, we entered into a new five-year senior revolving credit facility of $220 million, which replaced the $160 million senior revolving credit facility. During the first quarter of 2008, we increased our senior revolving credit facility by $20 million to $240 million by adding a new lending institution. The new senior revolving credit facility will expire in October 2012. We have the option to expand the $240 million senior revolving credit facility by an additional $60 million through adding a maximum of two additional lending institutions each year. Borrowing options and restrictive covenants are similar to those of our previous $160 million senior revolving credit facility. The $240 million senior revolving credit facility includes a $110 million letter of credit subfacility which is in addition to the $35 million letter of credit facility.

On June 26, 2007, we entered into the $100 million 364-day revolving credit facility ($100 million Credit Facility) and the $150 million 364-day revolving credit facility ($150 million Credit Facility). According to their terms, the $100 million Credit Facility matured on the earlier of June 24, 2008 or upon an increase in the lending commitments under our existing senior revolving credit facility and the establishment of an accounts receivable securitization facility, and the $150 million Credit Facility would have matured on June 24, 2008. In the fourth quarter of 2007, the $100 million Credit Facility expired as all conditions for early termination were met and the $150 million Credit Facility was terminated as we no longer needed the credit commitment.

On July 25, 2007, we established a $250 million, 364-day Accounts Receivable Facility, renewable annually for five years, which expires in July 2012. As a result of the sale of Metals, the Accounts Receivable Facility was reduced from $250 million to $100 million. In July 2008, the Accounts Receivable Facility was reduced from $100 million to $75 million. The $75 million Accounts Receivable Facility provides for the sale of our eligible trade receivables to third party conduits through a wholly-owned, bankruptcy-remote, special purpose entity that is consolidated for financial statement purposes.

2006 Year

In April 2006, we reached an agreement in principle and expected a settlement with the Internal Revenue Service (IRS) on certain outstanding federal tax exposures. On July 10, 2006, the settlement was finalized. This settlement, which included the periods 1996 to 2002, related primarily to the tax treatment of capital losses generated in 1997. We made payments of $46.7 million, $0.6 million, and $1.5 million in 2006, 2007 and 2008, respectively, to the IRS and various state and local jurisdictions, which was less than the amount previously reserved. As a result, income tax expense in 2006 was reduced by $21.6 million associated with the settlement and other tax matters.

On June 26, 2006, we commenced an offer to exchange a new series of notes due in 2016 and cash for up to $125.0 million of the $200.0 million 9.125% senior notes due in 2011 (2011 Notes). On July 11, 2006, we announced that approximately $160.0 million aggregate principal amount of the 2011 Notes had been validly tendered for exchange. Since more than $125.0 million of the 2011 Notes had been tendered, the new notes were issued on a pro rata basis in accordance with the terms of the exchange offer. On July 28, 2006, we issued $125.0 million of 6.75% senior notes due in 2016 (2016 Notes) and paid a premium of $18.8 million to the existing note holders in exchange for $125.0 million of 2011 Notes. We expensed $1.2 million of third party fees associated with the exchange.

During the fourth quarter of 2006, we recorded a $6.0 million insurance recovery for Hurricane Katrina business interruption experienced in our Chlor Alkali Products operations in 2005 and early 2006.

CHLOR ALKALI PRODUCTS PRICING

In accordance with industry practice, we compare ECU prices on a netback basis, reporting and analyzing prices net of the cost of transporting the products to customers to allow for a comparable means of price comparisons between periods and with respect to our competitors. For purposes of determining our ECU netback, we use prices that we realize as a result of sales of chlorine and caustic soda to our customers, and we do not include the value of chlorine and caustic soda that is incorporated in other products that we manufacture and sell.

Quarterly and annual average ECU netbacks, excluding SunBelt, for 2008, 2007, and 2006 were as follows, which includes Pioneer ECU netbacks subsequent to August 31, 2007:

	2008	***2007***	***2006***
First Quarter	$ 580	$ 500	$ 590
Second Quarter	590	510	560
Third Quarter	660	550	540
Fourth Quarter	740	555	520
Annual Average	635	535	550

Beginning in late 2006, driven by reduced levels of chlorine demand and a series of planned and unplanned plant maintenance outages, chlor alkali plant operating rates for the industry were reduced. While this allowed chlorine supply to stay balanced, it caused caustic soda demand, which did not experience a decline, to exceed supply. This led to industry-wide caustic soda price increases. During the first three quarters of 2008, North American demand for caustic soda remained strong. However, caustic soda supply continued to be constrained by the weakness in chlorine demand, which caused operating rates to be reduced. This resulted in a significant supply and demand imbalance for caustic soda in North America. This imbalance, combined with increased freight and energy costs, resulted in our achieving record levels of caustic soda pricing. During the fourth quarter of 2008, North American caustic soda demand weakened but less than the decline in chlorine demand. This caused the caustic soda supply and demand imbalance to continue, which continued to support record levels of caustic soda prices. While we have seen sequential improvements in caustic soda pricing beginning with the fourth quarter of 2006, we have continued to experience weaker chlorine prices. Chlorine prices have declined quarterly since the third quarter of 2007.

PENSION AND POSTRETIREMENT BENEFITS

In October 2007, we announced that we would freeze our defined benefit pension plan for salaried and certain non-bargaining hourly employees. Affected employees were eligible to accrue pension benefits through December 31, 2007, but are not accruing any additional benefits under the plan after that date. Employee service after December 31, 2007 does count toward meeting the vesting requirements for such pension benefits and the eligibility requirements for commencing a pension benefit, but not toward the calculation of the pension benefit amount. Compensation earned after December 31, 2007 similarly does not count toward the determination of the pension benefit amounts under the defined benefit pension plan. In lieu of continuing pension benefit accruals for the affected employees under the pension plan, starting in 2008, we provide a contribution to an individual retirement contribution account maintained with the Contributing Employee Ownership Plan (CEOP) equal to 5% of the employee's eligible compensation if such employee is less than age 45, and 7.5% of the employee's eligible compensation if such employee is age 45 or older. Freezing the defined benefit pension plan for salaried and certain non-bargaining hourly employees was accounted for as a curtailment under SFAS No. 88, "Employer's Accounting for Settlements and Curtailments of Defined Benefit Pension Plan and for Termination Benefits" (SFAS No. 88). As a result of freezing the defined benefit plan, we recorded a curtailment charge of $1.9 million for the defined benefit pension plan and a corresponding curtailment credit of $1.9 million for the non-qualified pension plan in 2007.

We account for our defined benefit pension plans using actuarial models required by SFAS No. 87, "Employers' Accounting for Pensions" (SFAS No. 87). This model uses an attribution approach that generally spreads the financial impact of changes to the plan and actuarial assumptions over a period of time. Changes in liability due to changes in actuarial assumptions such as discount rate, rate of compensation increases and mortality, as well as annual deviations between what was assumed and what was experienced by the plan are treated as gains or losses. The principle underlying the required attribution approach is that employees render service over their average remaining service lives on a relatively smooth basis and, therefore, the accounting for benefits earned under the pension or non-pension postretirement benefits plans should follow the same relatively smooth pattern. With the freezing of our defined benefit pension plan for salaried and certain non-bargained hourly employees that became effective January 1, 2008 and the sale of the Metals business, substantially all defined benefit pension plan participants were inactive; therefore, actuarial gains and losses are now being amortized based upon the remaining life expectancy of the inactive plan participants rather than the future service period of the active participants, which was the amortization period used prior to 2008. At December 31, 2007, the average remaining life expectancy of the inactive participants in the defined benefit pension plan was 19 years; compared to the average remaining service lives of the active employees in the defined benefit pension plan of 10.7 years. At December 31, 2008, the average remaining life expectancy of the inactive participants in the defined benefit pension plan was 19 years.

During the third quarter of 2006, the "Pension Protection Act of 2006", amended by "The Worker, Retiree, and Employer Recovery Act," during the fourth quarter of 2008, became law. Among the stated objectives of the laws are the protection of both pension beneficiaries and the financial health of the PBGC. To accomplish these objectives, the new laws require sponsors to fund defined benefit pension plans earlier than previous requirements and to pay increased PBGC premiums. The laws require defined benefit plans to be fully funded in 2011. In September 2006, we made a voluntary pension plan contribution of $80.0 million and in May 2007, we made an additional $100.0 million voluntary contribution to our defined benefit pension plan. During 2007, the asset allocation in the plan was adjusted to insulate the plan from discount rate risk and reduce the plan's exposure to equity investments. Based on the combination of these actions and favorable asset performance in 2006 and 2007, offset by the unfavorable performance on plan assets in 2008, we will not be required to make any cash contributions to the domestic defined benefit pension plan at least through 2009. At December 31, 2008, the projected benefit obligation of our defined pension plan of $1,644.0 million exceeded the market value of assets in our defined pension plan by $1.7 million.

Under SFAS No. 158, we recorded an after-tax charge of $99.4 million ($162.7 million pretax) to Shareholders' Equity as of December 31, 2008 for our pension and other postretirement plans. This charge reflected the unfavorable performance on plan assets during 2008. In 2007, we recorded a $138.3 million after-tax credit ($226.6 million pretax) to Shareholders' Equity as of December 31, 2007 for our pension and other postretirement plans. This credit reflected a 25-basis point increase in the plans' discount rate, combined with an increase in the value of the plan assets from favorable plan performance and the $100.0 million contribution. In 2006, we recorded an after-tax credit of $54.5 million ($89.2 million pretax) to Shareholders' Equity as a result of a decrease in the accumulated pension benefit obligation, which resulted primarily from a 25-basis point increase in the plan discount rate, combined with an increase in the value of the plan assets from favorable plan performance and the $80.0 million contribution. In 2006, we adopted SFAS No. 158, which required us to record a net liability or asset to report the funded status of our defined benefit pension and other postretirement plans on our balance sheet. As a result, we recorded after-tax charges to Shareholders' Equity of $39.7 million and $33.6 million for the pension and other postretirement plans, respectively, ($65.0 million and $55.0 million pretax, respectively). The non-cash credits or charges to Shareholders' Equity do not affect our ability to borrow under our revolving credit agreement.

Components of net periodic benefit (income) costs were:

	2008	2007	2006
		($ in millions)	
Pension Benefits	$ (7.6)	$ 33.5	$ 44.1
Other Postretirement Benefits	8.4	10.8	11.5

In 2008, we recorded curtailment charges of $4.1 million associated with the transition of a portion of our East Alton, IL Winchester hourly workforce and our McIntosh, AL Chlor Alkali hourly workforce from a defined benefit pension plan to a defined contribution pension plan. In 2007, we recorded a defined benefit pension curtailment charge of $6.9 million and other postretirement benefits curtailment credit of $1.1 million related to the sale of the Metals business, which were included in the loss on disposal of discontinued operations. Also during 2007, we recorded a curtailment charge of $0.5 million resulting from the conversion of a portion of the Metals hourly workforce from a defined benefit pension plan to a defined contribution pension plan. This curtailment charge was included in income from discontinued operations. In 2006, we recorded pension curtailment charges of $2.4 million and $3.0 million resulting from a portion of the Winchester and Metals hourly workforces, respectively, who voluntarily elected to transition from a defined benefit pension plan to a defined contribution pension plan. The Metals portion of this curtailment charge was included in income from discontinued operations.

After giving effect to the changes in curtailment charges and credits, the decrease in 2008 net periodic pension expense from 2007 was due to the favorable impact of the $100 million voluntary contribution made in May 2007, the favorable 2007 investment returns, a 25-basis point increase in the liability discount rate in 2007, the impact of the plan freeze for salaried and non-bargained hourly employees that became effective January 1, 2008, and an increase in the amortization period for actuarial losses. After giving effect to the changes in curtailment charges and credits, the decrease in 2007 net periodic pension expense from 2006 was due to the combination of a 25-basis point increase in discount rate for 2007, the voluntary contributions to our defined benefit pension plan of $100.0 million in May 2007 and $80.0 million in September 2006, and the favorable performance on plan assets in 2006.

The service cost and the amortization of prior service cost components of pension expense related to employees of the operating segments are allocated to the operating segments based on their respective estimated census data. Therefore, the allocated portion of net periodic benefit costs for the Metals business of $7.9 million and $10.6 million for the period of our ownership in 2007 and 2006, respectively, was included in income from discontinued operations. The portion of other postretirement benefit costs for the Metals business employees of $4.4 million and $4.7 million for the period of our ownership in 2007 and 2006, respectively, was also included in income from discontinued operations.

CONSOLIDATED RESULTS OF OPERATIONS

	2008	***2007***	***2006***
	($ in millions, except per share data)		
Sales	$ 1,764.5	$ 1,276.8	$ 1,039.7
Cost of Goods Sold	1,377.2	1,035.5	792.2
Gross Margin	387.3	241.3	247.5
Selling and Administration	137.3	129.2	128.7
Other Operating Income	1.2	1.9	6.7
Operating Income	251.2	114.0	125.5
Earnings of Non-consolidated Affiliates	39.4	46.0	45.3
Interest Expense	13.3	22.1	20.3
Interest Income	6.2	11.6	11.6
Other (Expense) Income	(26.0)	1.2	1.1
Income from Continuing Operations before Taxes	257.5	150.7	163.2
Income Tax Provision	99.8	49.9	39.5
Income from Continuing Operations	157.7	100.8	123.7
Discontinued Operations:			
Income from Discontinued Operations, Net	—	29.0	26.0
Loss on Disposal of Discontinued Operations, Net	—	(139.0)	—
Net Income (Loss)	$ 157.7	$ (9.2)	$ 149.7
Basic Income (Loss) per Common Share:			
Income from Continuing Operations	$ 2.08	$ 1.36	$ 1.70
Income from Discontinued Operations, Net	—	0.39	0.36
Loss on Disposal of Discontinued Operations, Net	—	(1.87)	—
Net Income (Loss)	$ 2.08	$ (0.12)	$ 2.06
Diluted Income (Loss) per Common Share:			
Income from Continuing Operations	$ 2.07	$ 1.36	$ 1.70
Income from Discontinued Operations, Net	—	0.39	0.36
Loss on Disposal of Discontinued Operations, Net	—	(1.87)	—
Net Income (Loss)	$ 2.07	$ (0.12)	$ 2.06

2008 Compared to 2007

For 2008, total company sales were $1,764.5 million compared with $1,276.8 million last year, an increase of $487.7 million, or 38%. Chlor Alkali Products sales increased by $430.3 million, or 51%, primarily due to the inclusion of a full year of Pioneer sales in 2008 compared with four months in 2007 and higher ECU prices. The acquisition of Pioneer contributed to an increase in 2008 sales of $369.1 million compared to 2007. Winchester sales increased by $57.4 million, or 13%, from 2007 primarily due to increased selling prices and improved law enforcement volumes.

Gross margin increased $146.0 million, or 61%, from 2007, as a result of improved Chlor Alkali Products gross margin, primarily due to the contribution from Pioneer, and improved Winchester gross margin from higher selling prices. Gross margin was also positively impacted by decreased environmental costs in 2008 of $10.2 million primarily associated with a charge in the prior year related to costs at a former waste disposal site based on revised remediation estimates resulting from negotiations with a government agency and the reduction in defined benefit pension expense of $13.7 million, which was partially offset by an increase in defined contribution pension expense of $7.6 million. Gross margin as a percentage of sales increased to 22% in 2008 from 19% in 2007.

Selling and administration expenses as a percentage of sales were 8% in 2008 and 10% in 2007. Selling and administration expenses in 2008 were $8.1 million higher than 2007 primarily due to expenses associated with the acquired Pioneer operations, net of synergies, ($10.5 million), a higher provision for doubtful customer accounts receivable ($3.0 million) increased stock-based compensation expense ($2.3 million), primarily resulting from mark-to-market adjustments, higher consulting costs ($1.3 million) and increased salary and benefit costs ($1.4 million). These increases were partially offset by decreased defined benefit pension expense ($12.1 million), offset by increased defined contribution pension expense ($1.0 million).

Other operating income for 2008 included $1.0 million for a portion of a 2007 gain realized on an intangible asset sale in Chlor Alkali Products, which is recognized ratably through 2012, $0.9 million for a portion of a gain realized on the sale of equipment, which is recognized ratably through June 2009, and $0.2 million of a gain on the disposition of land associated with a former manufacturing facility. These gains were partially offset by a loss of $0.9 million on the disposition of property, plant and equipment. Other operating income for 2007 included the receipt of a $1.3 million contingent payment associated with a 1995 divestiture and $0.6 million for a portion of a 2007 gain realized on an intangible asset sale in Chlor Alkali Products.

The earnings of non-consolidated affiliates were $39.4 million for 2008, a decrease of $6.6 million from 2007. Lower volumes at SunBelt, due to the impact of hurricane-related outages and other force majeure events at one of its chlorine customers, were partially offset by higher ECU prices.

Interest expense decreased by $8.8 million, or 40%, in 2008, primarily due to a lower level of outstanding debt and capitalization of $5.0 million of interest in 2008 associated with our St. Gabriel, LA facility conversion and expansion project and a major maintenance capital project at our McIntosh, AL facility.

Interest income decreased by $5.4 million, or 47%, in 2008 primarily due to lower short-term interest rates.

Other (expense) income for 2008 included an impairment charge of the full value of a $26.6 million investment in corporate debt securities.

The effective tax rate for continuing operations for 2008 included expense of $10.4 million for a valuation allowance required against the deferred tax benefit generated from the impairment of corporate debt securities. As we are currently unable to utilize the capital loss resulting from the impairment of the $26.6 million of corporate debt securities, no tax benefit was recognized during 2008 for the impairment loss. Additionally, the effective tax rate for continuing operations for 2008 included a $2.1 million reduction in expense primarily associated with the finalization of the 2007 income tax returns which resulted in an increased benefit for the domestic manufacturing deduction. The effective tax rate for continuing operations for 2008 of 35.5%, which was increased by the effect of these two items of $8.3 million, was higher than the 35% U.S. federal statutory rate primarily due to state income taxes, which were offset in part by the benefit of the domestic manufacturing deduction and the utilization of certain state tax credits. The effective tax rate for continuing operations for 2007 of 33.1% was lower than the 35% U.S. federal statutory rate primarily due to the benefit of the domestic manufacturing deduction and the utilization of certain state tax credits, offset in part by state income taxes and income in certain foreign jurisdictions being taxed at higher rates.

2007 Compared to 2006

For 2007, total company sales were $1,276.8 million compared with $1,039.7 million last year, an increase of $237.1 million, or 23%. Chlor Alkali Products sales increased by $179.0 million, or 27%, primarily due to the inclusion of Pioneer sales for four months in 2007, totaling $183.6 million offset by lower ECU prices and slightly lower shipment volumes from the prior year from our Chlor Alkali operations, excluding Pioneer. Winchester sales increased by $58.1 million, or 16%, from 2006 primarily due to increased selling prices and stronger volumes.

Gross margin decreased $6.2 million, or 3%, from 2006, primarily as a result of higher environmental costs of $15.3 million primarily associated with an increase in costs at a former waste disposal site based on revised remediation estimates resulting from negotiations with a government agency. Chlor Alkali Products gross margins declined slightly as the favorable results from the acquisition of Pioneer were offset by lower ECU pricing and slightly lower shipment volumes. This increase in environmental costs and lower Chlor Alkali margins were partially offset by lower pension costs and improved Winchester gross margins from higher selling prices and improved volumes. Gross margin as a percentage of sales decreased to 19% in 2007 from 24% in 2006. This margin percentage decrease reflects higher environmental costs and lower chlor alkali margins offset in part by the higher Winchester selling prices and lower pension costs.

Selling and administration expenses as a percentage of sales were 10% in 2007 and 12% in 2006. Selling and administration expenses in 2007 were $0.5 million higher than 2006 primarily due to expenses associated with the acquired Pioneer operations ($9.9 million), higher management incentive compensation costs partially resulting from mark-to-market adjustments on stock-based compensation ($3.2 million) and increased salary and benefit costs ($1.7 million). These increases were mostly offset by a lower level of legal and legal-related settlement expenses ($7.5 million), decreased pension and postretirement expenses ($5.1 million), and lower consulting fees ($1.6 million).

Other operating income for 2007 included the receipt of a $1.3 million contingent payment associated with a 1995 divestiture and $0.6 million for a portion of a 2007 gain realized on an intangible asset sale in Chlor Alkali Products, which is recognized ratably through 2012. Other operating income for 2006 included a $6.0 million insurance recovery for Hurricane Katrina business interruption experienced in 2005 and in early 2006 in our Chlor Alkali Products operations and a gain of $0.7 million on the disposition of a former manufacturing plant.

The earnings of non-consolidated affiliates were $46.0 million for 2007, an increase of $0.7 million from 2006, primarily due to slightly improved shipment volumes, decreased manufacturing costs, and lower depreciation expense at SunBelt, which was substantially offset by lower ECU prices at SunBelt.

Interest expense increased by $1.8 million, or 9%, in 2007, due to a higher level of outstanding debt.

Interest income for 2007 was flat with 2006 as higher short-term interest rates were offset by lower average cash and short-term investment balances.

The effective tax rate for continuing operations for 2007 of 33.1% was lower than the 35% U.S. federal statutory rate primarily due to the benefit of the domestic manufacturing deduction contained in the Jobs Creation Act of 2004, which increased from 3% to 6% in 2007, and the utilization of certain state tax credits, which were offset in part by state income taxes and income in certain foreign jurisdictions being taxed at higher rates. The effective tax rate for continuing operations for 2006 included a $21.6 million reduction in income tax expense associated with the settlement of certain audit issues related to the audits for the years 1996 to 2002, principally the tax treatment of capital losses generated in 1997 and other tax matters. The effective tax rate for continuing operations for 2006 of 37.4%, which was reduced by this tax settlement, was higher than the 35% U.S. federal statutory rate primarily due to state income taxes and income in certain foreign jurisdictions being taxed at higher rates offset in part by the domestic manufacturing deduction and utilization of certain state tax credits.

Income from discontinued operations, net for 2007 was $29.0 million compared with $26.0 million for 2006, an increase of $3.0 million. Income from discontinued operations before income taxes for 2007 was $7.2 million higher than 2006. The Metals pretax income for 2007 included a last-in, first-out (LIFO) inventory liquidation gain of $15.4 million as part of a Metals inventory reduction program initiated in 2007. The Metals pretax income for 2006 included a LIFO inventory liquidation gain of $25.9 million related to the closure of two of our former Metals facilities, partially offset by restructuring charges of $17.6 million related to the closure of these Metals facilities. The Metals improved results also reflect higher selling prices and lower costs resulting from the 2006 restructuring and plant shutdown actions. These factors more than offset the negative impact of lower sales volumes and higher energy and metal melting loss costs. The effective tax rates were 36.1% for 2007 compared with 31.9% last year. The 31.9% effective tax rate was lower than 2007 due to the timing of income from certain foreign jurisdictions being taxed at lower rates.

Loss on disposal of discontinued operations, net for 2007 was $139.0 million. We recognized a pretax loss of $160.0 million offset by a $21.0 million income tax benefit.

SEGMENT RESULTS

We define segment results as income (loss) from continuing operations before interest expense, interest income, other (expense) income, and income taxes and include the results of non-consolidated affiliates. Consistent with the guidance in SFAS No. 131, “Disclosures About Segments of an Enterprise and Related Information,” (SFAS No. 131), we have determined it is appropriate to include the operating results of non-consolidated affiliates in the relevant segment financial results. Our management considers SunBelt to be an integral component of the Chlor Alkali Products segment. They are engaged in the same business activity as the segment, including joint or overlapping marketing, management, and manufacturing functions.

	2008	***2007***	***2006***
		($ in millions)	
Sales:			
Chlor Alkali Products	$ 1,275.4	$ 845.1	$ 666.1
Winchester	489.1	431.7	373.6
Total Sales	$ 1,764.5	$ 1,276.8	$ 1,039.7
Income from Continuing Operations before Taxes			
Chlor Alkali Products [(1)]	$ 328.3	$ 237.3	$ 256.3
Winchester	32.6	26.4	15.8
Corporate/Other:			
Pension Income (Expense) [(2)]	14.8	(3.9)	(16.2)
Environmental Provision	(27.7)	(37.9)	(22.6)
Other Corporate and Unallocated Costs	(58.6)	(63.8)	(69.2)
Other Operating Income	1.2	1.9	6.7
Interest Expense	(13.3)	(22.1)	(20.3)
Interest Income	6.2	11.6	11.6
Other (Expense) Income [(3)]	(26.0)	1.2	1.1
Income from Continuing Operations before Taxes	$ 257.5	$ 150.7	$ 163.2

(1) Earnings of non-consolidated affiliates are included in the Chlor Alkali Products segment results consistent with management’s monitoring of the operating segment. The earnings from non-consolidated affiliates were $39.4 million, $46.0 million, and $45.3 million for the years ended 2008, 2007, and 2006, respectively.

(2) The service cost and the amortization of prior service cost components of pension expense related to the employees of the operating segments are allocated to the operating segments based on their respective estimated census data. All other components of pension costs are included in Corporate/Other and include items such as the expected return on plan assets, interest cost and recognized actuarial gains and losses. The 2008 curtailment charges of $4.1 million were associated with the transition of a portion of our East Alton, IL Winchester hourly workforce and our McIntosh, AL Chlor Alkali hourly workforce from a defined benefit pension plan to a defined contribution pension plan. The 2007 curtailment charge included $6.9 million related to the sale of the Metals business which was included in the loss on disposal of discontinued operations. Also included in the 2007 pension curtailment is $0.5 million resulting from the conversion of a portion of the Metals hourly workforce from a defined benefit pension plan to a defined contribution pension plan, which was included in income from discontinued operations. The 2006 curtailment charge of $2.4 million, included in Corporate/Other, and $3.0 million, included in income from discontinued operations, for Winchester and Metals, respectively, represented the accelerated recognition of prior service costs.

(3) Other (expense) income in 2008 included an impairment charge of the full value of a $26.6 million investment in corporate debt securities. We are currently unable to utilize the capital loss resulting from the impairment of these corporate debt securities; therefore, no tax benefit was recognized during 2008 for the impairment loss.

Chlor Alkali Products

2008 Compared 2007

Chlor Alkali Products' sales for 2008 were $1,275.4 million compared to $845.1 million for 2007, an increase of $430.3 million, or 51%. Pioneer sales for 2008 were $552.7 million compared to $183.6 million for the last four months of 2007, an increase of $369.1 million. Chlor Alkali Products' sales, excluding Pioneer, increased $61.2 million, or 9%. The sales increase was due to increased ECU pricing, partially offset by lower volumes. The combined Olin and Pioneer chlorine and caustic soda ECU netback, excluding SunBelt, increased 19% to approximately $635 for 2008 compared to approximately $535 in 2007, which included Pioneer for the last four months. Freight costs included in the ECU netback increased 28% in 2008 compared to 2007. The combined Olin and Pioneer operating rate for 2008 was 82%, compared to the operating rate of 92% in 2007. The lower operating rate for 2008 resulted from lower chlorine demand and was also negatively affected by two hurricanes, which caused production and customer outages and disruptions to the transportation system.

Chlor Alkali posted segment income of $328.3 million for 2008 compared to $237.3 million for 2007. Chlor Alkali segment income included Pioneer income of $101.9 million and $29.2 million for 2008 and 2007, respectively. Chlor Alkali segment income, excluding Pioneer, was higher in 2008 by $18.3 million, or 9%, primarily because of increased selling prices ($108.4 million), partially offset by decreased volumes ($46.7 million), higher operating costs ($35.2 million), and lower SunBelt results ($7.5 million). Chlor Alkali segment income for 2008 also included a $2.6 million gain from a litigation recovery. Operating expenses increased primarily due to increases in distribution costs and manufacturing costs, which included higher electricity prices. The lower SunBelt earnings primarily resulted from lower volumes due to the impact of hurricane-related outages and other force majeure events at one of its chlorine customers partially offset by higher ECU selling prices in 2008. The operating results from SunBelt included interest expense of $4.4 million and $4.8 million in 2008 and 2007, respectively, on the SunBelt Notes.

2007 Compared to 2006

Chlor Alkali Products' sales for 2007 were $845.1 million compared to $666.1 million for 2006, an increase of $179.0 million, or 27%. The acquisition of Pioneer contributed sales of $183.6 million. Chlor Alkali Products' sales, excluding Pioneer, decreased $4.6 million, or 1%. The sales decrease was primarily due to lower ECU pricing, which decreased 5% from 2006, and 1% lower volumes, partially offset by sales increases in our value-added potassium hydroxide and bleach products. Our ECU netbacks, excluding Pioneer and SunBelt, were approximately $520 for 2007 compared to approximately $550 for 2006, a decrease of 5%. Escalating freight costs were a major challenge facing our Chlor Alkali Products' business in 2007. The freight cost penalty included in the 2007 ECU netback of $520 was $100 per ECU, compared to $80 per ECU for 2006, or an increase of 25%. For the last four months of 2007, Pioneer ECU netbacks were $600. Our combined system weighted average ECU netbacks were $535 for 2007. Pioneer ECU netbacks were higher than our average netbacks reflecting the higher level of chlorine shipped by pipeline and the higher ECU netback realized by Pioneer's west coast operations. The freight cost included in the 2007 Pioneer ECU netback was comparable to our legacy chlor alkali system. Our operating rates for 2007 were 92% of capacity, compared to 91% in 2006.

Chlor Alkali Products posted segment income of $237.3 million for 2007 (which included $29.2 million of Pioneer income), compared to $256.3 million for 2006, a decrease of $19.0 million, or 7%. Chlor Alkali segment income, excluding Pioneer, was lower in 2007 by $48.2 million, or 19%. Segment income was lower in 2007 because of lower selling prices ($29.0 million), higher operating costs ($15.6 million), and lower volumes ($3.3 million). Operating expenses increased primarily due to increases in distribution costs and manufacturing costs which includes electricity expenses. The earnings of non-consolidated affiliates, which were included in Chlor Alkali segment income, were $46.0 million for 2007, an increase of $0.7 million from 2006. This increase was primarily due to slightly improved shipment volumes and decreased manufacturing costs at SunBelt due to lower depreciation expense which was substantially offset by lower ECU prices at SunBelt. The operating results from SunBelt included interest expense of $4.8 million and $5.3 million in 2007 and 2006, respectively, on the SunBelt Notes.

Winchester

2008 Compared to 2007

Sales were $489.1 million in 2008 compared to $431.7 million for 2007, an increase of $57.4 million, or 13%. Sales of ammunition to domestic and international commercial customers increased $31.1 million. Shipments to law enforcement agencies increased $19.4 million for 2008 compared to 2007. Shipments to military customers increased $2.8 million.

Winchester reported segment income of $32.6 million for 2008 compared to $26.4 million for 2007, an increase of $6.2 million, or 23%. The increase was due to the impact of higher selling prices and increased volumes to law enforcement agencies ($56.1 million), which were partially offset by increased commodity and other material costs and higher operating costs ($46.0 million) and lower volumes primarily with commercial customers ($6.7 million). For 2008, the actual copper cost for Winchester increased by 11% compared to 2007, while the average price of lead increased 75% compared to the prior year. The Winchester business consumes approximately four times as much lead as it does copper, and the year-over-year increase in the actual lead cost equates to approximately $25 million of annual expense.

2007 Compared to 2006

Sales were $431.7 million in 2007 compared to $373.6 million for 2006, an increase of $58.1 million, or 16%. Sales of ammunition to domestic and international commercial customers increased $36.6 million primarily due to higher selling prices. Shipments to military and law enforcement organizations also increased by $10.2 million and $6.1 million, respectively, in 2007. Sales to industrial customers increased from 2006 levels returning to 2005 sales levels. Overall, loaded ammunition unit volumes increased by 13% in 2007 compared to 2006.

Winchester reported segment income of $26.4 million for 2007 compared to $15.8 million in 2006, an increase of $10.6 million, or 67%. Higher selling prices and the benefits from increased sales volumes ($46.5 million) were partially offset by increased commodity and material costs and higher operating costs ($36.5 million).

Corporate/Other

2008 Compared to 2007

For 2008, pension income included in Corporate/Other was $14.8 million compared to pension expense of $3.9 million for 2007. The $18.7 million decrease in corporate pension expense was due to the combination of a 25-basis point increase in the liability discount rate in 2007, the $100 million voluntary contribution made to our defined benefit pension plan in May 2007, the favorable performance on plan assets in 2007, the benefits of the plan freeze for salary and non-bargained hourly employees, which became effective January 1, 2008, and the increase in the amortization period of actuarial losses. These decreases were partially offset by curtailment charges of $4.1 million associated with the transition of a portion of our East Alton, IL Winchester hourly workforce and our McIntosh, AL Chlor Alkali hourly workforce from a defined benefit pension plan to a defined contribution pension plan.

On a total company basis, defined benefit pension income for 2008 was $7.6 million compared to defined benefit pension expense of $33.5 million for 2007. The decrease in total company pension expense reflected curtailment charges of $7.4 million for 2007 relating to the Metals business and $7.9 million for the Metals allocated portion of service cost and the amortization of prior service cost components of pension expense, which were included in discontinued operations. This defined benefit pension cost reduction was partially offset by higher defined contribution pension costs. Total company defined contribution pension expense for 2008 was $11.3 million compared to $2.7 million for 2007.

Charges to income for environmental investigatory and remedial activities were $27.7 million for 2008, compared with $37.9 million in 2007. This provision related primarily to expected future investigatory and remedial activities associated with past manufacturing operations and former waste disposal sites. The decrease of $10.2 million was primarily due to a $7.9 million charge in the prior year related to costs at a former waste disposal site based on revised remediation estimates resulting from negotiations with a government agency.

For 2008, other corporate and unallocated costs were $58.6 million compared with $63.8 million in 2007, a decrease of $5.2 million, or 8%. The decrease was primarily due to lower asset retirement obligation charges of $3.6 million, primarily related to a reduction in the liability for a former chemical manufacturing location, lower legal and legal-related settlement expenses of $2.9 million, and lower consulting charges of $0.8 million, partially offset by increased management incentive compensation costs of $1.9 million, primarily resulting from mark-to-market adjustments on stock-based compensation.

2007 Compared to 2006

For 2007, pension expense included in Corporate/Other was $3.9 million compared to $16.2 million in 2006. The $12.3 million decrease in corporate pension expense was due to the combination of a 25-basis point increase in discount rate, the voluntary contributions to our defined benefit pension plan of $100.0 million in May 2007 and $80.0 million in September 2006, and the favorable performance on plan assets in 2006. On a total company basis, pension expense for 2007 was $33.5 million compared to $44.1 million in 2006. Pension expense on a total company basis for 2007 included a curtailment charge of $6.9 million resulting from the sale of the Metals business which was included in the loss on disposal of discontinued operations. Also during 2007, we recorded a curtailment charge of $0.5 million resulting from the conversion of a portion of the Metals hourly workforce from a defined benefit pension plan to a defined contribution pension plan. This curtailment charge was included in income from discontinued operations.

Charges to income for environmental investigatory and remedial activities were $37.9 million for 2007, compared to $22.6 million in 2006, which included recoveries from third parties of environmental costs incurred and expensed in prior periods of $1.2 million. These charges related primarily to expected future remedial and investigatory activities associated with past manufacturing operations and former waste disposal sites. The increase in 2007 charges compared to 2006 related primarily to a $7.9 million increase in costs at a former waste disposal site based on revised remediation estimates resulting from negotiations with a government agency and a $4.0 million increase in costs associated with a former manufacturing operation.

For 2007, other corporate and unallocated costs were $63.8 million compared to $69.2 million in 2006, a decrease of $5.4 million, or 8%. Legal and legal-related settlement expenses decreased by $7.4 million and consulting fees were lower by $1.6 million. These decreases were partially offset by increased asset retirement obligation charges of $3.5 million, primarily based on a higher probability of an earlier retirement of certain assets.

2009 OUTLOOK

Income from continuing operations in the first quarter of 2009 is projected to be in the $0.50 to $0.65 per diluted share range compared with $0.50 per diluted share in the first quarter of 2008.

In Chlor Alkali Products, we have seen a continuation of the weak chlor alkali demand environment experienced in the fourth quarter of 2008 into the first quarter of 2009. Our visibility into total first quarter 2009 chlor alkali demand is significantly less than we normally experience. While we have seen improvements in caustic soda pricing for eight consecutive quarters, we have continued to experience weaker chlorine prices. We expect ECU pricing in the first quarter of 2009 to improve from the fourth quarter of 2008, but less than the $80 increase in ECU pricing experienced sequentially from the third quarter 2008 to the fourth quarter 2008.

Our January 2009 Chlor Alkali Products operating rate was 65% compared to a fourth quarter 2008 operating rate of 67%. As a result of customer demand, our St. Gabriel, LA facility, which was shutdown for scheduled maintenance in late November 2008, will not resume operations until the current conversion and expansion project is completed, which is expected in the second quarter of 2009. The St. Gabriel, LA facility represents approximately 10% of our chlorine and caustic soda capacity. Also, in the first quarter of 2009, our McIntosh, AL facility, including the SunBelt facility, has a scheduled ten-day maintenance outage.

Winchester first quarter 2009 results are expected to be similar to the first quarter of 2008 as improved pricing and volumes are offset by higher commodity costs.

We anticipate that 2009 charges for environmental investigatory and remedial activities will be similar to the 2008 level.

In 2009, we expect defined benefit pension plan income to increase from the 2008 level. The increase is primarily the result of the absence of the $4.1 million curtailment charges, which were included in 2008, but also reflects the combination of the unfavorable returns on plan assets experienced in 2008, offset by the favorable impact of the 2008 plan curtailments.

We believe the 2009 effective tax rate will be in the 36% to 37% range.

In light of the current economic environment, we continue to evaluate our 2009 capital spending. Our capital spending in 2008 was approximately $15 million lower than the $190 million to $200 million projected in the third quarter of 2008. This has increased the amount of carryover spending associated with both the St. Gabriel, LA conversion and expansion project and a major maintenance project at our McIntosh, AL facility. Based on these factors, we anticipate 2009 capital spending to be no lower than $110 million. As a result of the high level of 2008 capital spending, we expect 2009 depreciation expense to increase by approximately $10 million from 2008 to approximately $80 million.

ENVIRONMENTAL MATTERS

	2008	2007	2006
		($ in millions)	
Cash Outlays:			
Remedial and Investigatory Spending (Charged to Reserve)	$ 23.7	$ 29.4	$ 35.9
Recoveries from Third Parties	—	—	(1.2)
Capital Spending	5.2	2.2	3.1
Plant Operations (Charged to Cost of Goods Sold)	22.8	14.2	10.1
Total Cash Outlays	$ 51.7	$ 45.8	$ 47.9
Reserve for Environmental Liabilities:			
Beginning Balance	$ 155.6	$ 90.8	$ 102.9
Charges to Income	27.7	37.9	23.8
Remedial and Investigatory Spending	(23.7)	(29.4)	(35.9)
Pioneer Acquired Liabilities	2.1	55.4	—
Currency Translation Adjustments	(2.8)	0.9	—
Ending Balance	$ 158.9	$ 155.6	$ 90.8

Total environmental-related cash outlays in 2008 increased compared to 2007 and 2006 due to the spending associated with plant operations at the acquired Pioneer locations. Remedial and investigatory spending was lower in 2008 than 2007 and 2006 due to an expansive investigation at a former manufacturing site and the implementation of remedial actions at five other sites in 2007 and 2006. Total environmental-related cash outlays for 2009 are estimated to be approximately $60 million, of which $35 million is expected to be spent on investigatory and remedial efforts, $3 million on capital projects and $22 million on normal plant operations. Historically, we have funded our environmental capital expenditures through cash flow from operations and expect to do so in the future.

Cash outlays for remedial and investigatory activities associated with former waste sites and past operations were not charged to income but instead were charged to reserves established for such costs identified and expensed to income in prior years. Cash outlays for normal plant operations for the disposal of waste and the operation and maintenance of pollution control equipment and facilities to ensure compliance with mandated and voluntarily imposed environmental quality standards were charged to income.

In the United States, the establishment and implementation of federal, state, and local standards to regulate air, water and land quality affect substantially all of our manufacturing locations. Federal legislation providing for regulation of the manufacture, transportation, use, and disposal of hazardous and toxic substances, and remediation of contaminated sites, has imposed additional regulatory requirements on industry, particularly the chemicals industry. In addition, implementation of environmental laws, such as the Resource Conservation and Recovery Act and the Clean Air Act, has required and will continue to require new capital expenditures and will increase plant operating costs. Our Canadian facility is governed by federal environmental laws administered by Environment Canada and by provincial environmental laws enforced by administrative agencies. Many of these laws are comparable to the U.S. laws described above. We employ waste minimization and pollution prevention programs at our manufacturing sites.

We are party to various governmental and private environmental actions associated with past manufacturing facilities and former waste disposal sites. Associated costs of investigatory and remedial activities are provided for in accordance with generally accepted accounting principles governing probability and the ability to reasonably estimate future costs. Our ability to estimate future costs depends on whether our investigatory and remedial activities are in preliminary or advanced stages. With respect to unasserted claims, we accrue liabilities for costs that, in our experience, we may incur to protect our interests against those unasserted claims. Our accrued liabilities for unasserted claims amounted to $3.2 million at December 31, 2008. With respect to asserted claims, we accrue liabilities based on remedial investigation, feasibility study, remedial action and operation, maintenance and monitoring (OM&M) expenses that, in our experience, we may incur in connection with the asserted claims. Required site OM&M expenses are estimated and accrued in their entirety for required periods not exceeding 30 years, which reasonably approximates the typical duration of long-term site OM&M. Charges or credits to income for investigatory and remedial efforts were material to operating results in 2008, 2007, and 2006 and may be material to net income in future years.

Environmental provisions charged to income were as follows:

	2008	2007	2006
		($ in millions)	
Charges to Income	$ 27.7	$ 37.9	$ 23.8
Recoveries from Third Parties of Costs Incurred and Expensed in Prior Periods	—	—	(1.2)
Total Provision	$ 27.7	$ 37.9	$ 22.6

These charges relate primarily to remedial and investigatory activities associated with past manufacturing operations and former waste disposal sites.

In conjunction with the acquisition of Pioneer, we assumed their environmental liabilities, which were attributable to nine sites. Our total estimated environmental liability at the end of 2008, including the Pioneer sites, was attributable to 79 sites, 18 of which were USEPA National Priority List (NPL) sites. Nine sites accounted for 75% of such liability and, of the remaining 70 sites, no one site accounted for more than 2% of our environmental liability. At one of these nine sites a remedial action plan is being implemented. At five of the nine sites, part of the site is subject to a remedial investigation and another part is in the long-term OM&M stage. At one of these nine sites, part of the site is subject to a remedial investigation, part to a remedial action plan, and another part is in the long-term OM&M stage. At one site, part of the site is subject to a remedial action plan and part of the site to long-term OM&M. The one remaining site is in long-term OM&M. All nine sites are either associated with past manufacturing operations or former waste disposal sites. None of the nine largest sites represents more than 20% of the liabilities reserved on our consolidated balance sheet at December 31, 2008 for future environmental expenditures.

Our Consolidated Balance Sheets included liabilities for future environmental expenditures to investigate and remediate known sites amounting to $158.9 million at December 31, 2008, and $155.6 million at December 31, 2007, of which $123.9 million and $120.6 million, respectively, were classified as other noncurrent liabilities. As part of the acquisition of Pioneer, we assumed $57.5 million of environmental liabilities associated with their current and past manufacturing operations and former waste disposal sites. Our environmental liability amounts did not take into account any discounting of future expenditures or any consideration of insurance recoveries or advances in technology. These liabilities are reassessed periodically to determine if environmental circumstances have changed and/or remediation efforts and our estimate of related costs have changed. As a result of these reassessments, future charges to income may be made for additional liabilities. Of the $158.9 million included on our consolidated balance sheet at December 31, 2008 for future environmental expenditures, we currently expect to utilize $88.4 million of the reserve for future environmental expenditures over the next 5 years, $20.0 million for expenditures 6 to 10 years in the future, and $50.5 million for expenditures beyond 10 years in the future. These estimates are subject to a number of risks and uncertainties, as described in Item 1A. “Risk Factors—Environmental Costs.”

Annual environmental-related cash outlays for site investigation and remediation, capital projects, and normal plant operations are expected to range between $50 million to $60 million over the next several years, $20 million to $40 million of which is for investigatory and remedial efforts, which are expected to be charged against reserves recorded on our balance sheet. While we do not anticipate a material increase in the projected annual level of our environmental-related cash outlays, there is always the possibility that such an increase may occur in the future in view of the uncertainties associated with environmental exposures. Environmental exposures are difficult to assess for numerous reasons, including the identification of new sites, developments at sites resulting from investigatory studies, advances in technology, changes in environmental laws and regulations and their application, changes in regulatory authorities, the scarcity of reliable data pertaining to identified sites, the difficulty in assessing the involvement and financial capability of other PRPs, and our ability to obtain contributions from other parties and the lengthy time periods over which site remediation occurs. It is possible that some of these matters (the outcomes of which are subject to various uncertainties) may be resolved unfavorably to us, which could materially adversely affect our financial position or results of operations. At December 31, 2008, we estimate we may have additional contingent environmental liabilities of $50 million in addition to the amounts for which we have already recorded as a reserve.

LEGAL MATTERS AND CONTINGENCIES

We, and our subsidiaries, are defendants in various legal actions (including proceedings based on alleged exposures to asbestos) incidental to our past and current business activities. We describe some of these matters in “Item 3—Legal Proceedings.” While we believe that none of these legal actions will materially adversely affect our financial position, in light of the inherent uncertainties of litigation, we cannot at this time determine whether the financial impact, if any, of these matters will be material to our results of operations.

During the ordinary course of our business, contingencies arise resulting from an existing condition, situation, or set of circumstances involving an uncertainty as to the realization of a possible gain contingency. In certain instances such as environmental projects, we are responsible for managing the cleanup and remediation of an environmental site. There exists the possibility of recovering a portion of these costs from other parties. We account for gain contingencies in accordance with the provisions of SFAS No. 5, “Accounting for Contingencies,” (SFAS No. 5), and therefore do not record gain contingencies and recognize income until it is earned and realizable.

LIQUIDITY, INVESTMENT ACTIVITY AND OTHER FINANCIAL DATA

Cash Flow Data

Provided By (Used For)	***2008***	***2007***	***2006***
		($ in millions)	
Qualified Pension Plan Contributions	$ —	$ (102.4)	$ (80.0)
Cash Provided by Continuing Operations	115.6	98.8	34.8
Cash Provided by Discontinued Operations	—	105.4	29.8
Net Operating Activities	115.6	204.2	64.6
Capital Expenditures	(180.3)	(76.1)	(61.7)
Business Acquired through Purchase Acquisition	—	(426.1)	—
Cash Acquired through Business Acquisition	—	126.4	—
Proceeds from Sale of a Business	—	380.8	—
Net Investing Activities	(156.0)	90.1	(112.2)
Long-Term Debt Repayments, Net	(11.3)	(145.7)	(1.1)
Net Financing Activities	(19.1)	(188.1)	(56.3)

Operating Activities

For 2008, cash provided by operating activities from continuing operations increased by $16.8 million from 2007 primarily due to the $100 million voluntary contribution to our defined benefit pension plan made in 2007 and higher earnings in 2008, mostly offset by increased working capital. In 2008, working capital increased $97.8 million compared with a decrease of $47.3 million in 2007. Receivables increased from December 31, 2007 by $9.5 million, as a result of increased selling prices in both our Chlor Alkali and Winchester businesses and improved volumes at Winchester partially offset by lower December 2008 chlorine and caustic soda volumes compared with 2007. Our days sales outstanding decreased by approximately two days from prior year. Inventories increased from December 31, 2007 by $25.0 million primarily due to increased ammunition inventories and higher raw material costs in Winchester. Accounts payable and accrued liabilities decreased from December 31, 2007 by $43.2 million, primarily as a result of payments of retained Metals liabilities. The 2008 cash from operations was also affected by a $24.6 million increase in cash tax payments.

For 2007, cash provided by operating activities from continuing operations increased $64.0 million from 2006 primarily due to the effect of lower cash tax payments. The 2007 cash provided by continuing operations was affected by a $41.0 million decrease in cash tax payments. Working capital decreased $47.3 million in 2007 compared to a decrease of $14.6 million in 2006. Partially offsetting the decrease in working capital was lower income from continuing operations. In 2007, cash provided by operating activities included contributions to our pension plans of $102.4 million, compared to an $80.0 million payment in 2006.

In 2007, cash provided by operating activities from discontinued operations increased by $75.6 million from 2006 primarily due to a decrease in working capital and improved income from discontinued operations. In 2007, Metals working capital decreased by $33.7 million compared with an increase of $33.2 million in 2006. Metals payables increased from December 31, 2006 by $26.3 million, primarily due to timing of payments. Receivables increased from December 31, 2006 by $9.3 million, primarily as a result of increased sales. Cash flow generated from an inventory decrease from December 31, 2006 of $27.9 million was primarily a result of the Metals inventory reduction program.

Capital Expenditures

Capital spending was $180.3 million, $76.1 million, and $61.7 million in 2008, 2007, and 2006, respectively. The increase in 2008 was primarily due to spending of $96.7 million for the St. Gabriel, LA facility conversion and expansion project and increased spending for a major maintenance capital project at our McIntosh, AL facility. Capital spending in 2007 included $9.1 million for the St. Gabriel, LA facility conversion and expansion project and also spending required to increase bleach capacity in our Chlor Alkali Products operations. Capital spending was 265%, 161%, and 165% of depreciation in 2008, 2007, and 2006, respectively.

In 2009, we expect our capital spending to be no less than $110 million.

During the first quarter of 2007, we entered into a sale/leaseback transaction for chlorine railcars that were acquired in 2005 and 2006. This transaction reduced our fixed assets by approximately $16.0 million.

Investing Activities

On August 31, 2007, we acquired Pioneer and paid cash of $426.1 million. We also acquired cash of $126.4 million with the Pioneer acquisition.

On November 19, 2007, we completed the sale of the Metals business to Global. We anticipated net proceeds from the sale of $380.8 million.

During 2007, we sold $50.0 million of short-term investments in corporate debt securities, which were purchased during 2006.

On January 31, 2007, we entered into a sale/leaseback agreement for chlorine railcars in our Chlor Alkali Products segment that were acquired in 2005 and 2006. We received proceeds from the sale of $14.8 million.

The 2008, 2007, and 2006 distributions from affiliated companies, net, represented primarily our share of the SunBelt joint venture's improved operating results, net of cash payments to the affiliates. Also, included in 2007 was our purchase for cash of $11.6 million for an equity interest in a limited liability company that owns a bleach and related chlor alkali products manufacturing facility.

Financing Activities

In October 2008, $1.5 million of variable rate Mississippi industrial revenue bonds, which were issued in 2005 in conjunction with our relocation of a portion of our Winchester operations to Oxford, MS, were redeemed by us at par value.

In March 2008, we repaid industrial development and environmental improvement tax exempt bonds, which matured totaling $7.7 million that were issued through the parish of Calcasieu, LA and the town of McIntosh, AL. In January 2008, we repaid the remaining $2.1 million of the 2.75% Convertible Senior Subordinated Notes due 2027 acquired from Pioneer.

During 2007, $117.9 million of the Convertible Notes issued by Pioneer and the related $25.8 million premium were repaid using drawings from our Accounts Receivable Facility and cash.

In July 2006, we issued $125.0 million of 2016 Notes and paid a premium of $18.8 million to the existing note holders in exchange for $125.0 million of 2011 Notes.

During 2008, 2007 and 2006, we issued 947,643; 836,131; and 1,135,948 shares of common stock, respectively, with a total value of $18.1 million, $15.5 million and $19.7 million, respectively, to the Olin CEOP. These shares were issued to satisfy the investment in our common stock resulting from employee contributions, our matching contributions, retirement contributions and re-invested dividends.

The percent of total debt to total capitalization decreased to 26.4% at December 31, 2008, from 28.1% at year-end 2007 and 31.8% at year-end 2006. The 2008 decrease from 2007 was due primarily to a lower level of outstanding debt resulting from repayments and the higher shareholders' equity resulting from net income offset by the non-cash charge for our pension and other postretirement plans. The 2007 decrease from year-end 2006 was due primarily to the higher shareholders' equity resulting from the non-cash credit for our pension and other postretirement plans.

Dividends per common share were $0.80 in 2008, 2007 and 2006. Total dividends paid on common stock amounted to $60.6 million, $59.2 million and $58.1 million in 2008, 2007 and 2006, respectively.

The payment of cash dividends is subject to the discretion of our board of directors and will be determined in light of then-current conditions, including our earnings, our operations, our financial conditions, our capital requirements and other factors deemed relevant by our board of directors. In the future, our board of directors may change our dividend policy, including the frequency or amount of any dividend, in light of then-existing conditions.

LIQUIDITY AND OTHER FINANCING ARRANGEMENTS

Our principal sources of liquidity are from cash and cash equivalents, cash flow from operations and short-term borrowings under our senior revolving credit facility and borrowings under our Accounts Receivable Facility. Historically, we also have had access to the debt and equity markets.

Cash flow from operations is variable as a result of the cyclical nature of our operating results, which have been affected by economic cycles in many of the industries we serve, such as the vinyls, urethanes, and pulp and paper sectors. Cash flow from operations is affected by changes in ECU selling prices caused by the changes in the supply/demand balance of chlorine and caustic, resulting in the chlor alkali business having significant leverage on our earnings. For example, assuming all other costs remain constant and internal consumption remains approximately the same, a $10 per ECU selling price change equates to an approximate $17 million annual change in our revenues and pretax profit when we are operating at full capacity.

Since 2006, we held corporate debt securities with a par value of $26.6 million. On October 1, 2008, the issuer of these debt securities announced it would cease trading and appoint a receiver as a result of financial market turmoil. The decline in the market value of the assets supporting these debt securities negatively impacted the liquidity of the issuer. We determined that these debt securities had no fair market value due to the actions taken by the issuer, turmoil in the financial markets, the lack of liquidity of the issuer, and the lack of trading in these debt securities. Because of the unlikelihood that these debt securities will recover in value, we recorded an after-tax impairment loss of $26.6 million in other (expense) income during the third quarter of 2008. We are currently unable to utilize the capital loss resulting from the impairment of these corporate debt securities; therefore, no tax benefit was recognized in 2008 for the impairment loss.

In August 2007, we entered into a $35 million letter of credit facility to assume the various Pioneer letters of credit issued principally to support the acquisition of equipment and materials for the St. Gabriel, LA facility conversion and expansion project.

On October 29, 2007, we entered into a new five-year senior revolving credit facility of $220 million, which replaced the $160 million senior revolving credit facility. During the first quarter of 2008, we increased our senior revolving credit facility by $20 million to $240 million by adding an additional lending institution. The senior revolving credit facility will expire in October 2012. We have the option to expand the $240 million senior revolving credit facility by an additional $60 million through adding a maximum of two additional lending institutions each year. At December 31, 2008, we had $207.1 million available under this senior revolving credit facility, because we had issued $32.9 million of letters of credit under a $110 million subfacility. Under the senior revolving credit facility, we may select various floating rate borrowing options. The facility includes various customary restrictive covenants, including restrictions related to the ratio of debt to earnings before interest expense, taxes, depreciation and amortization (leverage ratio) and the ratio of earnings before interest expense, taxes, depreciation and amortization to interest expense (coverage ratio).

At December 31, 2008, we had letters of credit of $64.6 million outstanding, of which $32.9 million were issued under our $240 million senior revolving credit facility. These letters of credit were used to support certain long-term debt, capital expenditure commitments, certain workers compensation insurance policies, and plant closure and post-closure obligations.

In addition to our senior revolving credit facility, we entered into two new credit facilities in June 2007. On June 26, 2007, we entered into a $100 million Credit Facility and a $150 million Credit Facility. These commitments were put in place to support the funding of the Pioneer acquisition. The $100 million Credit Facility matured on the earlier of June 24, 2008, or upon an increase in the lending commitments under our existing senior revolving credit facility and the establishment of an accounts receivable securitization facility, and the $150 million Credit Facility would have matured on June 24, 2008. In the fourth quarter of 2007, the $100 million Credit Facility expired as all conditions for early termination were met and the $150 million Credit Facility was terminated as we no longer needed the credit commitment.

On July 25, 2007, we established a $250 million, 364-day Accounts Receivable Facility, renewable annually for five years, which expires in July 2012. As a result of the sale of Metals, the Accounts Receivable Facility was reduced from $250 million to $100 million. In July 2008, the Accounts Receivable Facility was reduced from $100 million to $75 million. The $75 million Accounts Receivable Facility provides for the sale of our eligible trade receivables to third party conduits through a wholly-owned, bankruptcy-remote, special purpose entity that is consolidated for financial statement purposes. As of December 31, 2008, we had nothing drawn under the Accounts Receivable Facility. At December 31, 2008, we had $75 million available under the Accounts Receivable Facility based on eligible trade receivables.

Our current debt structure is used to fund our business operations. As of December 31, 2008, we had long-term borrowings, including the current installment, of $252.4 million of which $3.1 million was at variable rates. We have entered into interest rate swaps on $101.6 million of our underlying fixed-rate debt obligations whereby we agree to pay variable rates to a counterparty who, in turn, pays us fixed rates. The counterparty to these agreements is Citibank, N.A., a major financial institution. We have designated the swap agreements as fair value hedges of the risk of changes in the value of fixed rate debt due to changes in interest rates for a portion of our fixed rate borrowings. Accordingly, the swap agreements have been recorded at their fair market value of $11.3 million and are included in other assets on the accompanying Consolidated Balance Sheet, with a corresponding increase in the carrying amount of the related debt. No gain or loss has been recorded as the swaps met the criteria to qualify for hedge accounting treatment with no ineffectiveness. In July 2006, we received proceeds of $0.4 million for the termination of a $30.0 million interest rate swap that was a fair value hedge for a portion of the $125.0 million 2011 Notes that were part of the July 2006 debt exchange. Annual maturities of long-term debt are none in 2009 and 2010, $83.5 million in 2011, none in 2012, $11.4 million in 2013 and a total of $157.5 million thereafter. Commitments from banks under our senior revolving credit facility and Accounts Receivable Facility are additional sources of liquidity.

In January 2009, we entered into a $75 million fixed interest rate swap with equal and opposite terms as the $75 million variable interest rate swaps on the 2011 Notes. The result was a deferred gain of $8.5 million on the $75 million variable interest rate swaps, which will be recognized through 2011. We have agreed to pay fixed rates to a counterparty who, in turn, pays us variable rates. The counterparty to this agreement is Bank of America, a major financial institution.

We have registered an undetermined amount of securities with the SEC, so that, from time-to-time, we may issue debt securities, preferred stock and/or common stock and associated warrants in the public market under that registration statement.

OFF-BALANCE SHEET ARRANGEMENTS

We use operating leases for certain properties, such as railroad cars; distribution, warehousing and office space; and data processing and office equipment. Virtually none of our lease agreements contain escalation clauses or step rent provisions. Future minimum rent payments under operating leases having initial or remaining non-cancelable lease terms in excess of one year at December 31, 2008 are as follows: $32.4 million in 2009, $29.5 million in 2010, $25.7 million in 2011, $21.6 million in 2012, $18.2 million in 2013, and a total of $54.8 million thereafter. Assets under capital leases are not significant. During the first quarter of 2007, we entered into a $16.0 million sale/leaseback transaction for chlorine railcars that were acquired in 2005 and 2006.

On December 31, 1997, we entered into a long-term, sulfur dioxide supply agreement with Alliance Specialty Chemicals, Inc. (Alliance), formerly known as RFC SO2, Inc. Alliance has the obligation to deliver annually 36,000 tons of sulfur dioxide. Alliance owns the sulfur dioxide plant, which is located at our Charleston, TN facility and is operated by us. The price for the sulfur dioxide is fixed over the life of the contract and, under the terms of the contract, we are obligated to make a monthly payment of $0.2 million regardless of the amount of sulfur dioxide purchased. Commitments related to this agreement are $2.4 million per year for 2009 through 2011 and $0.6 million in 2012. This supply agreement expires in 2012.

We and our partner, PolyOne own equally SunBelt. Oxy Vinyls is required to purchase 250 thousand tons of chlorine based on a formula related to its market price. Prior to July 2007, PolyOne had an ownership interest in Oxy Vinyls. We market the excess chlorine and all of the caustic soda produced. The construction of this plant and equipment was financed by the issuance of $195.0 million of Guaranteed Senior Secured Notes due 2017. SunBelt sold $97.5 million of Guaranteed Senior Secured Notes due 2017, Series O, and $97.5 million of Guaranteed Senior Secured Notes due 2017, Series G. We refer to these notes as the SunBelt Notes. The SunBelt Notes bear interest at a rate of 7.23% per annum payable semiannually in arrears on each June 22 and December 22.

We have guaranteed the Series O Notes, and PolyOne has guaranteed the Series G Notes, in both cases pursuant to customary guaranty agreements. Our guarantee and PolyOne’s guarantee are several, rather than joint. Therefore, we are not required to make any payments to satisfy the Series G Notes guaranteed by PolyOne. An insolvency or bankruptcy of PolyOne will not automatically trigger acceleration of the SunBelt Notes or cause us to be required to make payments under our guarantee, even if PolyOne is required to make payments under its guarantee. However, if SunBelt does not make timely payments on the SunBelt Notes, whether as a result of a failure to pay on a guarantee or otherwise, the holders of the SunBelt Notes may proceed against the assets of SunBelt for repayment. If we were to make debt service payments under our guarantee, we would have a right to recover such payments from SunBelt.

Beginning on December 22, 2002 and each year through 2017, SunBelt is required to repay $12.2 million of the SunBelt Notes, of which $6.1 million is attributable to the Series O Notes. After the payment of $6.1 million on the Series O Notes in December 2008, our guarantee of these notes was $54.8 million. In the event SunBelt cannot make any of these payments, we would be required to fund the payment on the Series O Notes. In certain other circumstances, we may also be required to repay the SunBelt Notes prior to their maturity. We and PolyOne have agreed that, if we or PolyOne intend to transfer our respective interests in SunBelt and the transferring party is unable to obtain consent from holders of 80% of the aggregate principal amount of the indebtedness related to the guarantee being transferred after good faith negotiations, then we and PolyOne will be required to repay our respective portions of the SunBelt Notes. In such event, any make whole or similar penalties or costs will be paid by the transferring party.

Excluding our guarantee of the SunBelt Notes described above, our long-term contractual commitments, including the on and off-balance sheet arrangements, consisted of the following:

	Payments Due by Period				
Contractual Obligations	***Total***	***Less than 1 Year***	***1-3 Years***	***3-5 Years***	***More than 5 Years***
			($ in millions)		
Debt obligations	$ 252.4	$ —	$ 83.5	$ 11.4	$ 157.5
Interest payments under debt obligations and interest rate swap agreements [(a)]	89.2	14.9	29.6	20.0	24.7
Contingent tax liability (FIN 48)	52.0	6.4	16.7	3.1	25.8
Qualified pension plan contributions [(b)]	—	—	—	—	—
Non-qualified pension plan payments	56.5	6.9	8.2	13.2	28.2
Postretirement benefit payments	69.7	8.2	14.0	11.0	36.5
Off-Balance Sheet Commitments:					
Noncancelable operating leases	182.2	32.4	55.2	39.8	54.8
Purchasing commitments:					
Raw materials	34.2	21.6	12.0	0.6	—
Utilities	3.1	2.6	0.4	0.1	—
Total	$ 739.3	$ 93.0	$ 219.6	$ 99.2	$ 327.5

(a) For the purposes of this table, we have assumed for all periods presented that there are no changes in the principal amount of any variable rate debt from the amounts outstanding on December 31, 2008 and that there are no changes in the rates from those in effect at December 31, 2008 which ranged from 0.95% to 9.125%.

(b) These amounts are only estimated payments assuming an annual expected rate of return on pension plan assets of 8.5%, and a discount rate on pension plan obligations of 6.25%. These estimated payments are subject to significant variation and the actual payments may be more than the amounts estimated. Given the inherent uncertainty as to actual minimum funding requirements for qualified pension plans, no amounts are included in this table for any period beyond one year. As a result of the asset allocation adjustment, the favorable asset performance in 2006 and 2007, the $100.0 million and $80.0 million voluntary contributions, and the benefits from the plan freeze, offset by the unfavorable performance on plan assets in 2008, based on the current funding requirements, we will not be required to make any cash contributions to the domestic defined benefit pension plan at least through 2009. See discussion on “Pension Protection Act of 2006” amended by “The Worker, Retiree, and Employer Recovery Act” in “Pension Plans and Retirement Benefits” in the Notes to the Consolidated Financial Statements.

Non-cancelable operating leases and purchasing commitments are utilized in our normal course of business for our projected needs. For losses that we believe are probable and which are estimable we have accrued for such amounts in our consolidated balance sheets. In addition to the table above, we have various commitments and contingencies including: defined benefit and postretirement healthcare plans (as described below), environmental matters (see “Environmental Matters” included in Item 7—“Management’s Discussion and Analysis of Financial Condition and Results of Operations”), and litigation claims (see Item 3—“Legal Proceedings”).

We have several defined benefit and defined contribution pension plans, as described in the Pension Plans and Retirement Benefits note in the Notes to Consolidated Financial Statements. We fund the defined benefit pension plans based on the minimum amounts required by law plus such amounts we deem appropriate. We have postretirement healthcare plans that provide health and life insurance benefits to certain retired employees and their beneficiaries, as described in the Pension Plans and Retirement Benefits note in the Notes to Consolidated Financial Statements. These other postretirement plans are not pre-funded and expenses are paid by us as incurred.

We also have standby letters of credit of $64.6 million of which $32.9 million have been issued through our senior revolving credit facility. At December 31, 2008, we had $207.1 million available under our senior revolving credit facility.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, sales and expenses, and related disclosure of contingent assets and liabilities. Significant estimates in our consolidated financial statements include goodwill recoverability, environmental, restructuring and other unusual items, litigation, income tax reserves including deferred tax asset valuation allowances, pension, postretirement and other benefits and allowance for doubtful accounts. We base our estimates on prior experience, facts and circumstances and other assumptions. Actual results may differ from these estimates.

We believe the following critical accounting policies affect the more significant judgments and estimates used in the preparation of the financial statements.

Goodwill

Goodwill and other intangibles are reviewed annually in the fourth quarter and/or when circumstances or other events indicate that impairment may have occurred. Circumstances that could trigger an impairment test include but are not limited to: a significant adverse change in the business climate; a significant adverse legal judgment; adverse cash flow trends; an adverse action or assessment by a government agency; unanticipated competition; decline in our stock price; and a significant restructuring charge within a reporting unit. The annual impairment test involves the comparison of the estimated fair value of a reporting unit to its carrying amount. The fair value is determined based on a variety of assumptions including estimated future cash flows of the reporting unit, discount rates, and comparable company trading multiples. Based on our evaluation prepared in the fourth quarter of 2008, no impairment charge was recorded.

All of our recorded goodwill, which is associated with acquisitions, is included in the Chlor Alkali Products segment. Given the economic environment and the uncertainties regarding the impact on our business, there can be no assurance that our estimates and assumptions, made for purposes of our goodwill impairment testing during the fourth quarter of 2008, will prove to be an accurate prediction of the future. If our assumptions regarding forecasted sales or gross margins are not achieved, we may be required to record goodwill impairment charges in future periods. It is not possible at this time to determine if any such future impairment charge would result or, if it does, whether such charge would be material.

Environmental

Accruals for environmental matters are recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated, based upon current law and existing technologies. These amounts, which are not discounted and are exclusive of claims against third parties, are adjusted periodically as assessments and remediation efforts progress or additional technical or legal information becomes available.

Environmental exposures are difficult to assess for numerous reasons, including the identification of new sites, developments at sites resulting from investigatory studies, advances in technology, changes in environmental laws and regulations and their application, changes in regulatory authorities, the scarcity of reliable data pertaining to identified sites, the difficulty in assessing the involvement and financial capability of other PRPs and our ability to obtain contributions from other parties and the lengthy time periods over which site remediation occurs. It is possible that some of these matters (the outcomes of which are subject to various uncertainties) may be resolved unfavorably to us, which could materially adversely affect our financial position or results of operations.

Pension and Postretirement Plans

We account for our defined benefit pension plans and non-pension postretirement benefit plans using actuarial models required by SFAS No. 87 and SFAS No. 106, “Employers’ Accounting for Postretirement Benefits Other than Pension,” (SFAS No. 106), respectively. These models use an attribution approach that generally spreads the financial impact of changes to the plan and actuarial assumptions over the average remaining service lives of the employees in the plan. Changes in liability due to changes in actuarial assumptions such as discount rate, rate of compensation increases and mortality, as well as annual deviations between what was assumed and what was experienced by the plan are treated as gains or losses. The principle underlying the required attribution approach is that employees render service over their average remaining service lives on a relatively smooth basis and, therefore, the accounting for benefits earned under the pension or non-pension postretirement benefits plans should follow the same relatively smooth pattern. With the freezing of our defined benefit pension plan for salaried and certain non-bargained hourly employees that became effective January 1, 2008 and the sale of the Metals business, substantially all defined benefit pension plan participants were inactive; therefore, actuarial gains and losses are now being amortized based upon the remaining life expectancy of the inactive plan participants rather than the future service period of the active participants, which was the amortization period used prior to 2008. At December 31, 2007, the average remaining life expectancy of the inactive participants in the defined benefit pension plan was 19.0 years; compared to the average remaining service lives of the active employees in the defined benefit pension plan of 10.7 years. The increase in the amortization period of actuarial losses had the effect of increasing 2008 defined benefit pension income compared to 2007. At December 31, 2008, the average remaining life expectancy of the inactive participants in the defined benefit pension plan was 19 years.

One of the key assumptions for the net periodic pension calculation is the expected long-term rate of return on plan assets, used to determine the “market-related value of assets.” (The “market-related value of assets” recognizes differences between the plan’s actual return and expected return over a five year period). The required use of an expected long-term rate of return on the market-related value of plan assets may result in recognized pension income that is greater or less than the actual returns of those plan assets in any given year. Over time, however, the expected long-term returns are designed to approximate the actual long-term returns and, therefore, result in a pattern of income and expense recognition that more closely matches the pattern of the services provided by the employees. As differences between actual and expected returns are recognized over five years, they subsequently generate gains and losses that are subject to amortization over the average remaining life expectancy of the inactive plan participants, as described in the preceding paragraph.

We use long-term historical actual return information, the mix of investments that comprise plan assets, and future estimates of long-term investment returns by reference to external sources to develop the expected return on plan assets as of December 31.

The discount rate assumptions used for pension and non-pension postretirement benefit plan accounting reflect the rates available on high-quality fixed-income debt instruments on December 31 of each year. The rate of compensation increase is based upon our long-term plans for such increases. For retiree medical plan accounting, we review external data and our own historical trends for healthcare costs to determine the healthcare cost trend rates.

Changes in pension costs may occur in the future due to changes in these assumptions resulting from economic events. For example, holding all other assumptions constant, a 100-basis point decrease or increase in the assumed rate of return on plan assets would have decreased or increased, respectively, the 2008 pension income by approximately $15.0 million. Holding all other assumptions constant, a 50-basis point decrease in the discount rate used to calculate pension income for 2008 and the projected benefit obligation as of December 31, 2008 would have decreased pension income by $0.8 million and increased the projected benefit obligation by $79.0 million. A 50-basis point increase in the discount rate used to calculate pension income for 2008 and the projected benefit obligation as of December 31, 2008 would have increased pension income by $1.9 million and decreased the projected benefit obligation by $79.0 million. For additional information on long-term rates of return, discount rates and projected healthcare costs projections, see "Pension Plans and Retirement Benefits" in the Notes to the Consolidated Financial Statements.

NEW ACCOUNTING PRONOUNCEMENTS

In December 2008, the FASB issued FASB Staff Position (FSP) FAS 132R-1, "Employers' Disclosures about Postretirement Benefit Plan Assets," (FSP FAS 132R-1), an amendment of SFAS No. 132 (revised 2003), "Employers' Disclosures about Pensions and Other Postretirement Benefits," (SFAS No. 132R). This position will require more detailed disclosures regarding defined benefit pension plan assets including investment policies and strategies, major categories of plan assets, valuation techniques used to measure the fair value of plan assets and significant concentrations of risk within plan assets. This position becomes effective for fiscal years ending after December 15, 2009. Upon initial application, the provisions of this position are not required for earlier periods that are presented for comparative purposes. We are currently evaluating the disclosure requirements of this new position.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities," (SFAS No. 161), an amendment to SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," (SFAS No. 133). The statement requires enhanced disclosures that expand the disclosure requirements in SFAS No. 133 about an entity's derivative instruments and hedging activities. It requires more robust qualitative disclosures and expanded quantitative disclosures. This statement became effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. We will adopt the provisions of SFAS No. 161 in 2009, which will require additional disclosure in our 2009 financial statements. The adoption of this statement will not have a material impact on our consolidated financial position and results of operations.

In December 2007, the FASB issued SFAS No. 141R, "Business Combinations," (SFAS No. 141R). This statement requires the acquiring entity in a business combination to recognize all (and only) the assets acquired and liabilities assumed in the transaction, establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed, and requires additional disclosures by the acquirer. Under this statement, all business combinations will be accounted for by applying the acquisition method. This statement became effective for us on January 1, 2009 and will be applied to business combinations occurring after the effective date. Earlier application was prohibited. The effect of the adoption of SFAS No. 141R on our financial statements will be on adjustments made to pre-acquisition Pioneer income tax contingencies, which will no longer be reflected as an adjustment to goodwill but recognized through income tax expense beginning in 2009.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements," (SFAS No. 160). This statement will require noncontrolling interests (previously referred to as minority interests) to be treated as a separate component of equity, not as a liability or other item outside of permanent equity. The statement applies to the accounting for noncontrolling interests and transactions with noncontrolling interest holders in consolidated financial statements. This statement became effective for us on January 1, 2009. Earlier application was prohibited. This statement was applied prospectively to all noncontrolling interests, including any that arose before the effective date except that comparative period information must be recast to classify noncontrolling interests in equity, attribute net income and other comprehensive income to noncontrolling interests, and provide additional required disclosures. The adoption of SFAS No. 160 did not have a material effect on our financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities," (SFAS No. 159) which permitted an entity to measure certain financial assets and liabilities at fair value. The statement's objective was to improve financial reporting by allowing entities to mitigate volatility in reported earnings caused by the measurement of related assets and liabilities using different attributes, without having to apply complex hedge accounting provisions. This statement became effective for fiscal years beginning after November 15, 2007 and was to be applied prospectively. We adopted the provisions of SFAS No. 159 on January 1, 2008. As we did not elect to measure existing assets and liabilities at fair value, the adoption of this statement did not have an effect on our financial statements.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements," (SFAS No. 157). This statement did not require any new fair value measurements, but rather, it provided enhanced guidance to other pronouncements that require or permit assets or liabilities to be measured at fair value. The changes to current practice resulting from the application of this statement related to the definition of fair value, the methods used to estimate fair value, and the requirement for expanded disclosures about estimates of fair value. This statement became effective for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The effective date for this statement for all nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis was delayed by one year. Nonfinancial assets and nonfinancial liabilities that could be impacted by this deferral include assets and liabilities initially measured at fair value in a business combination, and intangible assets and goodwill tested annually for impairment. We adopted the provisions of SFAS No. 157 related to financial assets and financial liabilities on January 1, 2008, which required additional disclosure in our financial statements. The partial adoption of this statement did not have a material impact on our financial statements. We adopted the remaining provisions of SFAS No. 157 related to nonfinancial assets and nonfinancial liabilities on January 1, 2009. The adoption of the remaining provisions of this statement did not have a material impact on our financial statements.

In October 2008, the FASB issued SFAS No. 157-3. This position clarifies the application of FASB No. 157 in a market that is not active and provides an example to illustrate key considerations in determining the fair value of a financial asset when the market for that financial asset is not active. This position was effective for us on September 30, 2008. The adoption of this position did not have an effect on our financial statements.

DERIVATIVE FINANCIAL INSTRUMENTS

SFAS No. 133 required an entity to recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. We use hedge accounting treatment for substantially all of our business transactions whose risks are covered using derivative instruments. SFAS No. 133 required that all derivative instruments be recorded on the balance sheet at their fair value. The accounting treatment of changes in fair value is dependent upon whether or not a derivative instrument is designated as a hedge and, if so, the type of hedge. For derivatives designated as a fair value hedge, the changes in the fair value of both the derivative and the hedged item are recognized in earnings. For derivatives designated as a cash flow hedge, the change in fair value of the derivative is recognized in other comprehensive loss until the hedged item is recognized in earnings. Ineffective portions are recognized currently in earnings. Unrealized gains and losses on derivatives not qualifying for hedge accounting are recognized currently in earnings. All derivatives recognized in earnings impact the expense line item on our Consolidated Statement of Operations that is consistent with the nature of the underlying hedged item.

We enter into forward sales and purchase contracts to manage currency risk resulting from purchase and sale commitments denominated in foreign currencies (principally Australian dollar and Canadian dollar). All of the currency derivatives expire within one year and are for United States dollar equivalents. At December 31, 2008, we had no forward contracts to buy or to sell foreign currencies. At December 31, 2007, we had forward contracts to sell foreign currencies with a fair value of $3.3 million and no forward contracts to buy foreign currencies. Foreign currency exchange gains, net of taxes, were $1.4 million and $0.3 million in 2008 and 2006, respectively. Foreign currency exchange losses, net of taxes, were $1.4 million in 2007.

We use cash flow hedges for certain raw material and energy costs such as copper, zinc, lead, and natural gas to provide a measure of stability in managing our exposure to price fluctuations. We use interest rate swaps as a means of managing interest rates on our outstanding fixed-rate debt obligations. These interest rate swaps are treated as fair value hedges. The accounting for gains and losses associated with changes in fair value of the derivative and the effect on the consolidated financial statements will depend on the hedge designation and whether the hedge is effective in offsetting changes in fair value of cash flows of the asset or liability being hedged. Losses on settled futures contracts were $8.2 million, ($5.0 million, net of taxes) and $6.6 million, ($4.1 million, net of taxes) in 2008 and 2006, respectively, which were included in cost of goods sold. Gains on settled futures contracts were $23.4 million, ($14.3 million, net of taxes), in 2007, which were included in cost of goods sold. At December 31, 2008, we had open positions in futures contracts through 2012 totaling $84.0 million (2007—$66.4 million). If all open futures contracts had been settled on December 31, 2008, we would have recognized a pretax loss of $40.9 million.

At December 31, 2008, accumulated other comprehensive loss included a loss, net of taxes, in fair value on commodity forward contracts of $25.0 million. If commodity prices were to remain at the levels they were at December 31, 2008, approximately $19.3 million of deferred losses, net of tax, would be reclassified into earnings during the next twelve months. The actual effect on earnings will be dependant on commodity prices when the forecasted transactions occur. At December 31, 2007, accumulated other comprehensive loss included a gain, net of taxes, in fair value on commodity forward contracts of $1.0 million.

The fair value of our derivative asset and liability balances were:

	December 31,	
	2008	2007
	($ in millions)	
Other Current Assets	$ —	$ 1.5
Other Assets	11.3	6.6
Total Derivative Asset	$ 11.3	$ 8.1
Accrued Liabilities	$ 40.9	$ 0.3
Long-Term Debt	11.3	6.6
Total Derivative Liability	$ 52.2	$ 6.9

The ineffective portion of changes in fair value resulted in zero, $(0.1) million and $0.1 million (charged) credited to earnings for the years ended December 31, 2008, 2007 and 2006, respectively.

Our foreign currency forward contracts and certain commodity derivatives did not meet the criteria to qualify for hedge accounting. The effect on operating results of items not qualifying for hedge accounting for 2008, 2007, and 2006 was not material to earnings.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk in the normal course of our business operations due to our purchases of certain commodities, our ongoing investing and financing activities, and our operations that use foreign currencies. The risk of loss can be assessed from the perspective of adverse changes in fair values, cash flows and future earnings. We have established policies and procedures governing our management of market risks and the use of financial instruments to manage exposure to such risks.

Energy costs including electricity used in our Chlor Alkali Products segment, and certain raw materials and energy costs, namely copper, lead, zinc, electricity, and natural gas used primarily in our Winchester segment products are subject to price volatility. Depending on market conditions, we may enter into futures contracts and put and call option contracts in order to reduce the impact of commodity price fluctuations. As of December 31, 2008, we maintained open positions on futures contracts totaling $84.0 million ($66.4 million at December 31, 2007). Assuming a hypothetical 10% increase in commodity prices, which are currently hedged, we would experience an $8.4 million ($6.6 million at December 31, 2007) increase in our cost of inventory purchased, which would be substantially offset by a corresponding increase in the value of related hedging instruments.

We are exposed to changes in interest rates primarily as a result of our investing and financing activities. The effect of interest rates on investing activity is not material to our consolidated financial position, results of operations, or cash flows. Our current debt structure is used to fund business operations, and commitments from banks under our senior revolving credit facility and our Accounts Receivable Facility are sources of liquidity. As of December 31, 2008, we had long-term borrowings of $252.4 million ($259.0 million at December 31, 2007) of which $3.1 million ($4.7 million at December 31, 2007) was issued at variable rates. As a result of our fixed-rate financings, we entered into floating interest rate swaps in order to manage interest expense and floating interest rate exposure to optimal levels. We have entered into $101.6 million of such swaps, whereby we agree to pay variable rates to a counterparty who, in turn, pays us fixed rates. The counterparty to these agreements is Citibank, N.A., a major financial institution. In all cases the underlying index for the variable rates is six-month London InterBank Offered Rate (LIBOR). Accordingly, payments are settled every six months and the terms of the swaps are the same as the underlying debt instruments.

In January 2009, we entered into a $75 million fixed interest rate swap with equal and opposite terms as the $75 million variable interest rate swaps on the 2011 Notes. The result was a deferred gain of $8.5 million on the $75 million variable interest rate swaps, which will be recognized through 2011. We have agreed to pay fixed rates to a counterparty who, in turn, pays us variable rates. The counterparty to this agreement is Bank of America, a major financial institution.

Assuming no changes in the $104.7 million of variable-rate debt levels from December 31, 2008, we estimate that a hypothetical change of 100-basis points in the LIBOR interest rates from 2008 would impact annual interest expense by $1.0 million.

The following table reflects the swap activity related to certain debt obligations as of December 31, 2008:

Underlying Debt Instrument	*Swap Amount*	*Date of Swap*	*December 31, 2008 Floating Rate*
	($ in millions)		
9.125%, due 2011	$ 50.0	December 2001	5.79%
9.125%, due 2011	$ 25.0	March 2002	4-5% (a)
Industrial development and environmental improvement obligations at interest rates of 6.625% to 6.75%, due 2016-2017	$ 21.1	March 2002	4.09%
	$ 5.5	March 2002	4.23%

(a) Actual rate is set in arrears. We project the rate will fall within the range shown.

These interest rate swaps reduced interest expense by $2.5 million, $0.6 million and $1.3 million in 2008, 2007, and 2006, respectively.

In July 2006, we received proceeds of $0.4 million for the termination of a $30.0 million interest rate swap that was a fair value hedge for a portion of the $125.0 million 2011 Notes that were part of the July 2006 debt exchange.

If the actual change in interest or commodities pricing is substantially different than expected, the net impact of interest rate risk or commodity risk on our cash flow may be materially different than that disclosed above.

We do not enter into any derivative financial instruments for speculative purposes.

CAUTIONARY STATEMENT ABOUT FORWARD-LOOKING STATEMENTS:

This report includes forward-looking statements. These statements relate to analyses and other information that are based on management's beliefs, certain assumptions made by management, forecasts of future results and current expectations, estimates and projections about the markets and economy in which we and our various segments operate. The statements contained in this report that are not statements of historical fact may include forward-looking statements that involve a number of risks and uncertainties.

We have used the words "anticipate," "intend," "may," "expect," "believe," "should," "plan," "estimate," "project," and variations of such words and similar expressions in this report to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions, which are difficult to predict and many of which are beyond our control. Therefore, actual outcomes and results may differ materially from those matters expressed or implied in such forward-looking statements. We undertake no obligation to update publicly any forward-looking statements, whether as a result of future events, new information or otherwise.

The risks, uncertainties, and assumptions involved in our forward-looking statements include those discussed under Item 1A. Risk Factors. You should consider all of our forward-looking statements in light of these factors. In addition, other risks and uncertainties not presently known to us or that we consider immaterial could affect the accuracy of our forward-looking statements.

Item 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

MANAGEMENT REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Olin Corporation is responsible for establishing and maintaining adequate internal control over financial reporting. Olin's internal control system was designed to provide reasonable assurance to the company's management and board of directors regarding the preparation and fair presentation of published financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation, and may not prevent or detect all misstatements.

The management of Olin Corporation has assessed the effectiveness of the company's internal control over financial reporting as of December 31, 2008. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control—Integrated Framework* to guide our analysis and assessment. Based on our assessment as of December 31, 2008, the company's internal control over financial reporting was effective based on those criteria.

Our independent registered public accountants, KPMG, LLP, have audited and issued a report on our internal controls over financial reporting, which appears in this Form 10-K.

/s/ Joseph D. Rupp
Chairman, President and Chief Executive Officer

/s/ John E. Fischer
Vice President and Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of Olin Corporation:

We have audited the accompanying consolidated balance sheets of Olin Corporation and subsidiaries as of December 31, 2008 and 2007, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2008. We also have audited Olin Corporation's internal control over financial reporting as of December 31, 2008, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Olin Corporation's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Olin Corporation and subsidiaries as of December 31, 2008 and 2007, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2008, in conformity with U.S. generally accepted accounting principles. Also in our opinion, Olin Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on criteria established in *Internal Control - Integrated Framework* issued by the COSO.

As discussed in note "Accounting Policies" to the consolidated financial statements, Olin Corporation adopted the provisions of Financial Accounting Standards Board's Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* , in 2007, adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 123 (Revised 2004), *Share-Based Payment* , in 2006, and adopted the provisions of SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans* , in 2006.

/s/ KPMG LLP

St. Louis, Missouri
February 24, 2009

CONSOLIDATED BALANCE SHEETS
December 31
($ in millions, except share data)

	2008	*2007*
Assets		
Current Assets:		
Cash and Cash Equivalents	$ 246.5	$ 306.0
Short-Term Investments	—	26.6
Receivables, Net:		
Trade	195.9	187.8
Other	17.1	14.2
Inventories	131.4	106.7
Current Deferred Income Taxes	68.5	71.3
Other Current Assets	32.9	14.7
Total Current Assets	692.3	727.3
Property, Plant and Equipment, Net	629.9	503.6
Deferred Income Taxes	46.8	—
Prepaid Pension Costs	—	139.7
Other Assets	70.8	58.9
Goodwill	301.9	301.9
Total Assets	$ 1,741.7	$ 1,731.4
Liabilities and Shareholders' Equity		
Current Liabilities:		
Current Installments of Long-Term Debt	$ —	$ 9.8
Accounts Payable	145.6	150.6
Income Taxes Payable	2.2	3.1
Accrued Liabilities	274.0	244.7
Total Current Liabilities	421.8	408.2
Long-Term Debt	252.4	249.2
Accrued Pension Liability	51.5	50.5
Deferred Income Taxes	6.5	30.0
Other Liabilities	304.5	329.8
Total Liabilities	1,036.7	1,067.7
Commitments and Contingencies		
Shareholders' Equity:		
Common Stock, Par Value $1 Per Share:		
Authorized, 120,000,000 Shares;	77.3	74.5
Issued and Outstanding 77,304,344 Shares (74,504,054 in 2007)		
Additional Paid-In Capital	801.6	742.0
Accumulated Other Comprehensive Loss	(269.4)	(151.2)
Retained Earnings (Accumulated Deficit)	95.5	(1.6)
Total Shareholders' Equity	705.0	663.7
Total Liabilities and Shareholders' Equity	$ 1,741.7	$ 1,731.4

The accompanying Notes to Consolidated Financial Statements are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS
Years ended December 31
($ in millions, except per share data)

	2008	2007	2006
Sales	$ 1,764.5	$ 1,276.8	$ 1,039.7
Operating Expenses:			
Cost of Goods Sold	1,377.2	1,035.5	792.2
Selling and Administration	137.3	129.2	128.7
Other Operating Income	1.2	1.9	6.7
Operating Income	251.2	114.0	125.5
Earnings of Non-consolidated Affiliates	39.4	46.0	45.3
Interest Expense	13.3	22.1	20.3
Interest Income	6.2	11.6	11.6
Other (Expense) Income	(26.0)	1.2	1.1
Income from Continuing Operations before Taxes	257.5	150.7	163.2
Income Tax Provision	99.8	49.9	39.5
Income from Continuing Operations	157.7	100.8	123.7
Discontinued Operations:			
Income from Discontinued Operations, Net	—	29.0	26.0
Loss on Disposal of Discontinued Operations, Net	—	(139.0)	—
Net Income (Loss)	$ 157.7	$ (9.2)	$ 149.7
Basic Income (Loss) per Common Share:			
Income from Continuing Operations	$ 2.08	$ 1.36	$ 1.70
Income from Discontinued Operations, Net	—	0.39	0.36
Loss on Disposal of Discontinued Operations, Net	—	(1.87)	—
Net Income (Loss)	$ 2.08	$ (0.12)	$ 2.06
Diluted Income (Loss) per Common Share:			
Income from Continuing Operations	$ 2.07	$ 1.36	$ 1.70
Income from Discontinued Operations, Net	—	0.39	0.36
Loss on Disposal of Discontinued Operations, Net	—	(1.87)	—
Net Income (Loss)	$ 2.07	$ (0.12)	$ 2.06

The accompanying Notes to Consolidated Financial Statements are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
($ in millions, except per share data)

	Common Stock					
	Shares Issued	***Par Value***	***Additional Paid-In Capital***	***Accumulated Other Comprehensive Loss***	***Retained Earnings (Accumulated Deficit)***	***Total Shareholders' Equity***
Balance at January 1, 2006	71,875,375	$ 71.9	$ 683.8	$ (304.4)	$ (24.7)	$ 426.6
Comprehensive Income:						
Net Income	—	—	—	—	149.7	149.7
Translation Adjustment	—	—	—	1.2	—	1.2
Net Unrealized Gains	—	—	—	3.5	—	3.5
Minimum Pension Liability Adjustment, Net	—	—	—	54.5	—	54.5
Comprehensive Income						208.9
Adoption of SFAS No. 158	—	—	—	(73.3)	—	(73.3)
Dividends Paid:						
Common Stock ($0.80 per share)	—	—	—	—	(58.1)	(58.1)
Common Stock Issued for:						
Stock Options Exercised	240,075	0.2	4.2	—	—	4.4
Employee Benefit Plans	1,135,948	1.1	18.6	—	—	19.7
Other Transactions	71,192	0.1	0.9	—	—	1.0
Stock-Based Compensation	—	—	14.1	—	—	14.1
Balance at December 31, 2006	73,322,590	73.3	721.6	(318.5)	66.9	543.3
Comprehensive Income:						
Net Loss	—	—	—	—	(9.2)	(9.2)
Translation Adjustment	—	—	—	7.1	—	7.1
Net Unrealized Losses	—	—	—	(5.0)	—	(5.0)
Pension and Postretirement Liability Adjustment, Net	—	—	—	138.3	—	138.3
Amortization of Prior Service Costs and Actuarial Losses, Net	—	—	—	26.9	—	26.9
Comprehensive Income						158.1
Dividends Paid:						
Common Stock ($0.80 per share)	—	—	—	—	(59.2)	(59.2)
Common Stock Issued for:						
Stock Options Exercised	241,758	0.2	5.1	—	—	5.3
Employee Benefit Plans	836,131	0.9	14.6	—	—	15.5
Other Transactions	103,575	0.1	1.8	—	—	1.9
Stock-Based Compensation	—	—	(1.1)	—	—	(1.1)
Cumulative Effect of Accounting Change	—	—	—	—	(0.1)	(0.1)
Balance at December 31, 2007	74,504,054	74.5	742.0	(151.2)	(1.6)	663.7
Comprehensive Income:						
Net Income	—	—	—	—	157.7	157.7
Translation Adjustment	—	—	—	(3.9)	—	(3.9)
Net Unrealized Losses	—	—	—	(26.0)	—	(26.0)
Pension and Postretirement Liability Adjustment, Net	—	—	—	(99.4)	—	(99.4)
Amortization of Prior Service Costs and Actuarial Losses, Net	—	—	—	11.1	—	11.1
Comprehensive Income						39.5
Dividends Paid:						
Common Stock ($0.80 per share)	—	—	—	—	(60.6)	(60.6)
Common Stock Issued for:						
Stock Options Exercised	1,757,276	1.8	35.6	—	—	37.4
Employee Benefit Plans	947,643	0.9	17.2	—	—	18.1
Other Transactions	95,371	0.1	2.1	—	—	2.2
Stock-Based Compensation	—	—	4.7	—	—	4.7
Balance at December 31, 2008	77,304,344	$ 77.3	$ 801.6	$ (269.4)	$ 95.5	$ 705.0

The accompanying Notes to Consolidated Financial Statements are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31
($ in millions)

	2008	2007	2006
Operating Activities			
Net Income (Loss)	$ 157.7	$ (9.2)	$ 149.7
Loss (Income) from Discontinued Operations, Net	—	110.0	(26.0)
Adjustments to Reconcile Net Income (Loss) to Net Cash and Cash Equivalents Provided by (Used for) Operating Activities:			
Earnings of Non-consolidated Affiliates	(39.4)	(46.0)	(45.3)
Other Operating Income—Gains on Disposition of Real Estate	—	—	(0.7)
Stock-Based Compensation	6.3	4.9	5.6
Depreciation and Amortization	69.6	48.0	37.8
Deferred Taxes	11.0	(17.0)	(28.0)
Qualified Pension Plan Contributions	—	(102.4)	(80.0)
Qualified Pension Plan (Income) Expense	(11.6)	14.4	27.8
Impairment of Investment in Corporate Debt Securities	26.6	—	—
Common Stock Issued under Employee Benefit Plans	2.7	1.9	2.4
Change in Assets and Liabilities Net of Purchase and Sale of Businesses:			
Receivables	(9.5)	(7.7)	(5.0)
Inventories	(25.0)	1.4	(2.7)
Other Current Assets	(18.2)	0.7	(4.3)
Accounts Payable and Accrued Liabilities	(43.2)	53.2	45.2
Income Taxes Payable	(1.9)	(0.3)	(18.6)
Other Assets	3.8	8.8	11.7
Other Noncurrent Liabilities	(14.5)	38.6	(34.3)
Other Operating Activities	1.2	(0.5)	(0.5)
Cash Provided by Continuing Operations	115.6	98.8	34.8
Discontinued Operations:			
(Loss) Income from Discontinued Operations, Net	—	(110.0)	26.0
Loss on Disposal of Discontinued Operations	—	160.0	—
Operating Activities from Discontinued Operations	—	55.4	3.8
Cash Provided by Discontinued Operations	—	105.4	29.8
Net Operating Activities	115.6	204.2	64.6
Investing Activities			
Capital Expenditures	(180.3)	(76.1)	(61.7)
Business Acquired in Purchase Transaction	—	(426.1)	—
Cash Acquired through Business Acquisition	—	126.4	—
Proceeds from Sale (Purchase) of Short-Term Investments	—	50.0	(76.6)
Proceeds from Sale/Leaseback of Equipment	—	14.8	—
Distributions from Affiliated Companies, Net	27.6	25.4	44.0
Other Investing Activities	(3.3)	2.2	1.2
Cash Used for Continuing Operations	(156.0)	(283.4)	(93.1)
Discontinued Operations:			
Proceeds from Sale of a Business	—	380.8	—
Investing Activities from Discontinued Operations	—	(7.3)	(19.1)
Cash Provided by (Used for) Discontinued Operations	—	373.5	(19.1)
Net Investing Activities	(156.0)	90.1	(112.2)
Financing Activities			
Long-Term Debt:			
Borrowings	—	180.0	—
Repayments	(11.3)	(325.7)	(1.1)
Issuance of Common Stock	15.4	13.6	17.3
Stock Options Exercised	31.9	4.2	3.6
Excess Tax Benefits from Stock Options Exercised	5.5	1.1	0.8
Dividends Paid	(60.6)	(59.2)	(58.1)
Deferred Debt Issuance Costs	—	(2.1)	(18.8)
Net Financing Activities	(19.1)	(188.1)	(56.3)
Net (Decrease) Increase in Cash and Cash Equivalents	(59.5)	106.2	(103.9)
Cash and Cash Equivalents, Beginning of Year	306.0	199.8	303.7
Cash and Cash Equivalents, End of Year	$ 246.5	$ 306.0	$ 199.8
Cash Paid for Interest and Income Taxes:			
Interest	$ 15.9	$ 19.2	$ 19.5
Income Taxes, Net of Refunds	$ 79.0	$ 54.4	$ 95.4

The accompanying Notes to Consolidated Financial Statements are an integral part of the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DESCRIPTION OF BUSINESS

Olin Corporation is a Virginia corporation, incorporated in 1892. We are a manufacturer concentrated in two business segments: Chlor Alkali Products and Winchester. Chlor Alkali Products, with nine U.S. manufacturing facilities and one Canadian manufacturing facility, produces chlorine and caustic soda, sodium hydrosulfite, hydrochloric acid, hydrogen, bleach products and potassium hydroxide. Winchester, with its principal manufacturing facility in East Alton, IL, produces and distributes sporting ammunition, reloading components, small caliber military ammunition and components, and industrial cartridges.

On October 15, 2007, we announced we entered into a definitive agreement to sell the Metals business to Global. The transaction closed on November 19, 2007. Accordingly, for all periods presented prior to the sale, the operating results and cash flows are reported as discontinued operations in the Consolidated Statements of Operations and Consolidated Statements of Cash Flows, respectively.

On August 31, 2007 we acquired Pioneer, whose operating results are included in the accompanying financial statements since the date of acquisition.

ACCOUNTING POLICIES

The preparation of the consolidated financial statements requires estimates and assumptions that affect amounts reported and disclosed in the financial statements and related notes. Actual results could differ from those estimates.

Basis of Presentation

The consolidated financial statements include the accounts of Olin Corporation and all majority-owned subsidiaries. Investment in our 50% owned affiliates are accounted for on the equity method. Accordingly, we include only our share of earnings or losses of these affiliates in consolidated net income. Certain reclassifications were made to prior year amounts to conform to the 2008 presentation, including the reclassification of certain deferred tax amounts.

Revenue Recognition

Revenues are recognized on sales of product at the time the goods are shipped and the risks of ownership have passed to the customer. Shipping and handling fees billed to customers are included in Sales. Allowances for estimated returns, discounts and rebates are recognized when sales are recorded and are based on various market data, historical trends and information from customers. Actual returns, discounts and rebates have not been materially different from estimates.

Cost of Goods Sold and Selling and Administration Expenses

Cost of Goods Sold includes the costs of inventory sold, related purchasing, distribution and warehousing costs, costs incurred for shipping and handling, and environmental remediation costs. Selling and Administration expenses include personnel costs associated with sales, marketing and administration, research and development, legal and legal-related costs, consulting and professional services fees, advertising expenses, and other similar costs and foreign currency translation.

Other Operating Income

Other Operating Income consists of miscellaneous operating income items, which are related to our business activities, and gains (losses) on disposition of property, plant and equipment. Other Operating Income for 2008 included $1.0 million for a portion of a 2007 gain realized on an intangible asset sale in Chlor Alkali Products, which is recognized ratably through 2012, $0.9 million for a portion of a gain realized on the sale of equipment, which is recognized ratably through June 2009, and $0.2 million of a gain on the disposition of land associated with a former manufacturing facility. These gains were partially offset by a loss of $0.9 million on the disposition of property, plant and equipment. Other Operating Income for 2007 included the receipt of a $1.3 million contingent payment associated with a 1995 divestiture and $0.6 million for a portion of a 2007 gain realized on an intangible asset sale in Chlor Alkali Products, which is be recognized ratably through 2012. Other Operating Income for 2006 of $6.7 million included a $6.0 million insurance recovery for business interruption experienced in our Chlor Alkali Products operations during 2005 and early 2006 and a $0.7 million gain on the disposition of a former manufacturing plant.

Other (Expense) Income

Other (Expense) Income consists of non-operating income items which are not related to our primary business activities. Other (Expense) Income for 2008 included an impairment charge of the full value of a $26.6 million investment in corporate debt securities.

Foreign Currency Translation

The functional currency for our Canadian chlor alkali subsidiary is the U.S. dollar; accordingly, gains and losses resulting from balance sheet translations are included in Selling and Administration. Other foreign affiliates' balance sheet amounts are translated at the exchange rates in effect at year-end, and operations statement amounts are translated at the average rates of exchange prevailing during the year. Translation adjustments are included in Accumulated Other Comprehensive Loss.

Cash and Cash Equivalents

All highly liquid investments, with a maturity of three months or less at the date of purchase, are considered to be cash equivalents.

Short-Term Investments

We classify our marketable securities as available-for-sale which are reported at fair market value with unrealized gains and losses included in Accumulated Other Comprehensive Loss, net of applicable taxes. The fair value of marketable securities is determined by quoted market prices. Realized gains and losses on sales of investments, as determined on the specific identification method, and declines in value of securities judged to be other-than-temporary are included in Other (Expense) Income in the Consolidated Statements of Operations. Interest and dividends on all securities are included in Interest Income and Other (Expense) Income, respectively.

Inventories

Inventories are valued at the lower of cost or market, with cost being determined principally by the dollar value LIFO method of inventory accounting. Cost for other inventories has been determined principally by the average-cost (primarily operating supplies, spare parts and maintenance parts) method. Elements of costs in inventories include raw materials, direct labor and manufacturing overhead.

Property, Plant and Equipment

Property, Plant and Equipment are recorded at cost. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets. Interest costs incurred to finance expenditures for major long-term construction projects are capitalized as part of the historical cost and included in property, plant and equipment and are depreciated over the useful lives of the related assets. Leasehold improvements are amortized over the term of the lease or the estimated useful life of the improvement, whichever is shorter. Start-up costs are expensed as incurred. Expenditures for maintenance and repairs are charged to expense when incurred while the costs of significant improvements, which extend the useful life of the underlying asset, are capitalized.

Asset Retirement Obligations

We record the fair value of an asset retirement obligation associated with the retirement of a tangible long-lived asset as a liability in the period incurred. Asset retirement obligations are reviewed annually in the fourth quarter and/or when circumstances or other events indicate that changes underlying retirement assumptions may have occurred.

In conjunction with the acquisition of Pioneer, we assumed asset retirement obligations of $23.6 million and acquired related assets of $4.1 million primarily related to production technology and building materials obligations.

The activity of our asset retirement obligation was as follows:

	2008	2007
	($ in millions)	
Beginning Balance	$ 71.4	$ 48.2
Accretion	5.1	3.9
Spending	(6.2)	(2.8)
Currency translation adjustments	(1.7)	—
Pioneer acquisition	4.5	19.1
Adjustments	(1.0)	3.0
Ending Balance	$ 72.1	$ 71.4

At December 31, 2008 and 2007, our Consolidated Balance Sheets included an asset retirement obligation of $46.6 million and $61.3 million, respectively, which were classified as other noncurrent liabilities.

In 2008, we had net adjustments that decreased the asset retirement obligation by $1.0 million. These adjustments were primarily comprised of a decrease in the estimated liabilities by $2.9 million, primarily based on a higher probability of reducing the retirement obligation at a former chemical location than was previously assessed, partially offset by an increase of $1.9 million in estimated costs for certain assets.

In 2007, we had net adjustments that increased the asset retirement obligation by $3.0 million. The adjustments were primarily comprised of an increase of $1.8 million based on a higher probability of an earlier retirement of certain assets and an increase of $2.6 million in estimated costs for certain assets, partially offset by a decrease of $1.2 million based on a lower probability of an estimated liability occurring than was previously assessed.

Comprehensive Income (Loss)

Accumulated Other Comprehensive Loss consists of foreign currency translation adjustments, pension and postretirement liability adjustments, net unrealized gains (losses) on derivative contracts, and net unrealized gains (losses) on marketable securities. We do not provide for U.S. income taxes on foreign currency translation adjustments since we do not provide for such taxes on undistributed earnings for foreign subsidiaries.

Goodwill

Goodwill is not amortized, but is reviewed annually in the fourth quarter and/or when circumstances or other events indicate that impairment may have occurred. Circumstances that could trigger an impairment test include but are not limited to: a significant adverse change in the business climate; a significant adverse legal judgment; adverse cash flow trends; an adverse action or assessment by a government agency; unanticipated competition; decline in our stock price; and a significant restructuring charge within a reporting unit. The annual impairment test involves the comparison of the estimated fair value of a reporting unit to its carrying amount. The fair value is determined based on a variety of assumptions including estimated future cash flows of the reporting unit, discount rates and comparable company trading multiples. An impairment would be recorded if the carrying amount exceeded the estimated fair value. No impairment charges were recorded for 2008, 2007, or 2006.

All of our recorded goodwill, which is associated with acquisitions, is included in the Chlor Alkali Products segment. Given the economic environment and the uncertainties regarding the impact on our business, there can be no assurance that our estimates and assumptions, made for purposes of our goodwill impairment testing during the fourth quarter of 2008, will prove to be an accurate prediction of the future. If our assumptions regarding forecasted sales or gross margins are not achieved, we may be required to record goodwill impairment charges in future periods. It is not possible at this time to determine if any such future impairment charge would result or, if it does, whether such charge would be material.

Other Assets

Included in Other Assets were the following:

	December 31,	
	2008	2007
	($ in millions)	
Investments in non-consolidated affiliates	$ 19.0	$ 7.2
Intangible assets (less accumulated amortization of $2.0 million and $0.5 million, respectively)	18.2	19.7
Deferred debt issuance costs	16.3	18.8
Interest rate swaps	11.3	6.6
Other	6.0	6.6
	$ 70.8	$ 58.9

The August 31, 2007 valuation of identifiable intangible assets that were obtained from the Pioneer acquisition included $19.0 million associated with customers, customer contracts and relationships, and $1.2 million associated with internally developed and purchased software. These assets will be amortized over fifteen years and five years, respectively, on a straight-line basis. Amortization expense was $1.5 million and $0.5 million in 2008 and 2007, respectively. Intangible assets are reviewed annually in the fourth quarter and/or when circumstances or other events indicate that impairment may have occurred.

Environmental Liabilities and Expenditures

Accruals (charges to income) for environmental matters are recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated, based upon current law and existing technologies. These amounts, which are not discounted and are exclusive of claims against third parties, are adjusted periodically as assessment and remediation efforts progress or additional technical or legal information becomes available. Environmental costs are capitalized if the costs increase the value of the property and/or mitigate or prevent contamination from future operations.

Discontinued Operations

We present the results of operations, financial position and cash flows that have either been sold or that meet the criteria for "held for sale" accounting as discontinued operations. At the time an operation qualifies for “held for sale” accounting, the operation is evaluated to determine whether or not the carrying value exceeds its fair value less cost to sell. Any loss as a result of carrying value in excess of fair value less cost to sell is recorded in the period the operation meets “held for sale” accounting. Management judgment is required to assess the criteria required to meet “held for sale” accounting, and estimate fair value. Changes to the operation could cause it to no longer qualify for “held for sale” accounting and changes to fair value could result in an increase or decrease to previously recognized losses.

Income Taxes

Deferred taxes are provided for differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. A valuation allowance is provided to offset deferred tax assets if, based on the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

Derivative Financial Instruments

We are exposed to market risk in the normal course of our business operations due to our purchases of certain commodities, our ongoing investing and financing activities, and our operations that use foreign currencies. The risk of loss can be assessed from the perspective of adverse changes in fair values, cash flows and future earnings. We have established policies and procedures governing our management of market risks and the use of financial instruments to manage exposure to such risks. We use hedge accounting treatment for substantially all of our business transactions whose risks are covered using derivative instruments. The hedge accounting treatment provides for the deferral of gains or losses (included in Other Comprehensive Loss) on derivative instruments until such time as the related transactions occur.

We enter into forward sales and purchase contracts to manage currency risk resulting from purchase and sale commitments denominated in foreign currencies (principally Australian dollar and Canadian dollar). All of the currency derivatives expire within one year and are for United States dollar equivalents. At December 31, 2008, we had no forward contracts to buy or to sell foreign currencies. At December 31, 2007, we had forward contracts to sell foreign currencies with a fair value of $3.3 million and no forward contracts to buy foreign currencies. Foreign currency exchange gains, net of taxes, were $1.4 million and $0.3 million in 2008 and 2006, respectively. Foreign currency exchange losses, net of taxes, were $1.4 million in 2007.

We use cash flow hedges for certain raw materials and energy costs such as copper, zinc, lead, and natural gas to provide a measure of stability in managing our exposure to price fluctuations. We use interest rate swaps as a means of managing interest rates on our outstanding fixed-rate debt obligations. These interest rate swaps are treated as fair value hedges. The accounting for gains and losses associated with changes in fair value of the derivative and the effect on the consolidated financial statements will depend on the hedge designation and whether the hedge is effective in offsetting changes in fair value of cash flows of the asset or liability being hedged. Losses on settled futures contracts were $8.2 million, ($5.0 million, net of taxes) and $66.6 million, ($4.1 million, net of taxes) in 2008 and 2006, respectively, which were included in Cost of Goods Sold. Gains on settled futures contracts were $23.4 million ($14.3 million, net of taxes) in 2007, which were included in Cost of Goods Sold. At December 31, 2008, we had open positions in futures contracts through 2012 totaling $84.0 million (2007—$66.4 million). If all open futures contracts had been settled on December 31, 2008, we would have recognized a pretax loss of $40.9 million.

At December 31, 2008, Accumulated Other Comprehensive Loss included a loss, net of taxes, in fair value on commodity forward contracts of $25.0 million. If commodity prices were to remain at the levels they were at December 31, 2008, approximately $19.3 million of deferred losses, net of tax, would be reclassified into earnings during the next twelve months. The actual effect on earnings will be dependant on commodity prices when the forecasted transactions occur. At December 31, 2007, Accumulated Other Comprehensive Loss included a gain, net of taxes, in fair value of commodity forward contracts of $1.0 million.

The fair value of our derivative asset and liability balances were:

	December 31,	
	2008	2007
	($ in millions)	
Other Current Assets	$ —	$ 1.5
Other Assets	11.3	6.6
Total derivative asset	$ 11.3	$ 8.1
Accrued Liabilities	$ 40.9	$ 0.3
Long-Term Debt	11.3	6.6
Total derivative liability	$ 52.2	$ 6.9

The ineffective portion of changes in fair value resulted in zero, $(0.1) million and $0.1 million (charged) credited to earnings for the years ended December 31, 2008, 2007, and 2006, respectively.

Our foreign currency forward contracts and certain commodity derivatives did not meet the criteria to qualify for hedge accounting. The effect on operating results of items not qualifying for hedge accounting for 2008, 2007 and 2006 was not material to earnings.

Concentration of Credit Risk

Accounts receivable is the principal financial instrument which subjects us to a concentration of credit risk. Credit is extended based upon the evaluation of a customer's financial condition and, generally, collateral is not required. Concentrations of credit risk with respect to receivables are somewhat limited due to our large number of customers, the diversity of these customers' businesses and the geographic dispersion of such customers. The majority of our accounts receivable are derived from sales denominated in U.S. dollars. We maintain an allowance for doubtful accounts based upon the expected collectibility of all trade receivables.

Financial Instruments

The carrying values of cash and cash equivalents, short-term investments, accounts receivable and accounts payable approximated fair values due to the short-term maturities of these instruments. The fair value of our long-term debt was determined based on current market rates for debt of the same risk and maturities. At December 31, 2008, the estimated fair value of debt was $221.0 million (2007—$265.0 million), which compares to debt recorded on the balance sheet of $252.4 million and $259.0 million at December 31, 2008 and 2007, respectively. The lower fair value of debt as of December 31, 2008 was due to the adverse conditions in the overall credit and financial markets experienced in 2008. The estimated fair values of currency forward contracts are based on quoted market prices for contracts with similar terms.

Retirement-Related Benefits

We account for our defined benefit pension plans and non-pension postretirement benefit plans using actuarial models required by SFAS No. 87 and SFAS No. 106, respectively. These models use an attribution approach that generally spreads the financial impact of changes to the plan and actuarial assumptions over the average remaining service lives of the employees in the plan. Changes in liability due to changes in actuarial assumptions such as discount rate, rate of compensation increases and mortality, as well as annual deviations between what was assumed and what was experienced by the plan are treated as gains or losses. With the freezing of our defined benefit pension plan for salaried and certain non-bargained hourly employees that became effective January 1, 2008 and the sale of the Metals business, substantially all defined benefit pension plan participants were inactive; therefore, actuarial gains and losses are now being amortized based upon the remaining life expectancy of the inactive plan participants rather than the future service period of the active participants, which was the amortization period used prior to 2008. At December 31, 2007, the average remaining life expectancy of the inactive participants in the defined benefit pension plan was 19 years; compared to the average remaining service lives of the active employees in the defined benefit pension plan of 10.7 years. At December 31, 2008, the average remaining life expectancy of the inactive participants in the defined benefit pension plan was 19 years.

One of the key assumptions for the net periodic pension calculation is the expected long-term rate of return on plan assets, used to determine the “market-related value of assets.” The “market-related value of assets” recognizes differences between the plan’s actual return and expected return over a five year period. The required use of an expected long-term rate of return on the market-related value of plan assets may result in a recognized pension income that is greater or less than the actual returns of those plan assets in any given year. Over time, however, the expected long-term returns are designed to approximate the actual long-term returns and, therefore, result in a pattern of income and expense recognition that more closely matches the pattern of the services provided by the employees. As differences between actual and expected returns are recognized over five years, they subsequently generate gains and losses that are subject to amortization over the average remaining life expectancy of the inactive plan participants, as described in the preceding paragraph.

We use long-term historical actual return information, the mix of investments that comprise plan assets, and future estimates of long-term investment returns by reference to external sources to develop the expected return on plan assets as of December 31.

The discount rate assumptions used for pension and non-pension postretirement benefit plan accounting reflect the rates available on high-quality fixed-income debt instruments on December 31 of each year. The rate of compensation increase is based upon our long-term plans for such increases. For retiree medical plan accounting, we review external data and our own historical trends for healthcare costs to determine the healthcare cost trend rates.

Effective December 31, 2006, we adopted SFAS No. 158. As a result, we recorded after-tax charges of $39.7 million and $33.6 million for pension and other postretirement plans, respectively, ($65.0 million and $55.0 million pretax, respectively) to Accumulated Other Comprehensive Loss. Beginning in 2007, under SFAS No. 158, the amortization of prior service costs, recognized actuarial gains (losses) and curtailments, which are components of net periodic benefit costs, are recorded to Accumulated Other Comprehensive Loss.

Stock-Based Compensation

In December 2004, the FASB issued SFAS No. 123R, which is a revision of SFAS No. 123, “Accounting for Stock-Based Compensation” (SFAS No. 123). This pronouncement revised the accounting treatment for stock-based compensation. It established standards for accounting for transactions in which an entity exchanges its equity instruments for goods or services. It also addressed transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity’s equity instruments or that may be settled by the issuance of those equity instruments. This statement focused primarily on accounting for transactions in which an entity obtained employee services in share-based payment transactions.

This statement required an entity to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. This cost was recognized over the period during which an employee was required to provide service in exchange for the award, the requisite service period (usually the vesting period). It required that an initial measurement be made of the cost of employee services received in exchange for an award of liability instruments based on its current fair value and required the value of that award to be subsequently remeasured at each reporting date through the settlement date. Changes in fair value of liability awards during the requisite service period were recognized as compensation cost over that period.

Effective January 1, 2006, we recorded compensation expense associated with stock options and other forms of equity compensation in accordance with SFAS No. 123R. Prior to January 1, 2006, we accounted for stock-based compensation under SFAS No. 123. As allowed under SFAS No. 123, we accounted for stock-based compensation according to the provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." Under this opinion, compensation cost was recorded when the fair value of our stock at the date of grant for fixed options exceeded the exercise price of the stock option. Our policy is to grant stock options with an exercise price equal to the fair market value of our common stock on the date of the award. Compensation cost for restricted stock awards was accrued over the life of the award based on the quoted market price of our stock at the date of the award. Compensation cost for performance shares was accounted for under variable plan accounting. The estimated fair value at the date of grant was amortized and charged to operations over the vesting period. Each period the accrual was adjusted to reflect the performance relative to the respective target.

We adopted the modified prospective transition method provided for under SFAS No. 123R and, consequently, did not retroactively adjust results from prior periods. Under this transition method, compensation cost associated with stock options includes the amortization, using the straight-line method, related to the remaining unvested portion of all stock option awards granted prior to January 1, 2006, based on the grant-date fair value estimated in accordance with the original provisions of SFAS No. 123 and the amortization, using the straight-line methods, related to all stock option awards granted subsequent to January 1, 2006, based on grant-date fair value estimated in accordance with the provisions of SFAS No. 123R.

Assumptions

The fair value of each option granted, which typically vests ratably over three years, but not less than one year, was estimated on the date of grant, using the Black-Scholes option-pricing model with the following weighted-average assumptions used:

	2008	***2007***	***2006***
Dividend yield	4.34%	4.37%	4.36%
Risk-free interest rate	3.21%	4.81%	4.55%
Expected volatility	32%	35%	35%
Expected life (years)	7.0	7.0	7.0
Grant fair value (per option)	$ 4.52	$ 4.46	$ 5.50

Dividend yield was based on a historical average. Risk-free interest rate was based on zero coupon U.S. Treasury securities rates for the expected life of the options. Expected volatility was based on our historical stock price movements, and we believe that historical experience is the best available indicator of the expected volatility. Expected life of the option grant was based on historical exercise and cancellation patterns, and we believe that historical experience is the best estimate for future exercise patterns.

RECENT ACCOUNTING PRONOUNCEMENTS

In December 2008, the FASB issued FSP FAS 132R-1, an amendment of SFAS No. 132R. This position will require more detailed disclosures regarding defined benefit pension plan assets including investment policies and strategies, major categories of plan assets, valuation techniques used to measure the fair value of plan assets and significant concentrations of risk within plan assets. This position becomes effective for fiscal years ending after December 15, 2009. Upon initial application, the provisions of this position are not required for earlier periods that are presented for comparative purposes. We are currently evaluating the disclosure requirements of this new position.

In March 2008, the FASB issued SFAS No. 161, an amendment to SFAS No. 133. The statement requires enhanced disclosures that expand the disclosure requirements in SFAS No. 133 about an entity's derivative instruments and hedging activities. It requires more robust qualitative disclosures and expanded quantitative disclosures. This statement became effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. We will adopt the provisions of SFAS No. 161 in 2009, which will require additional disclosure in our 2009 financial statements. The adoption of this statement will not have a material impact on our consolidated financial position and results of operations.

In December 2007, the FASB issued SFAS No. 141R. This statement requires the acquiring entity in a business combination to recognize all (and only) the assets acquired and liabilities assumed in the transaction, establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed, and requires additional disclosures by the acquirer. Under this Statement, all business combinations will be accounted for by applying the acquisition method. This statement became effective for us on January 1, 2009 and will be applied to business combinations occurring after the effective date. Earlier application was prohibited. The effect of the adoption of SFAS No. 141R on our financial statements will be on adjustments made to pre-acquisition Pioneer income tax contingencies, which will no longer be reflected as an adjustment to goodwill but recognized through income tax expense beginning in 2009.

In December 2007, the FASB issued SFAS No. 160. This statement will require noncontrolling interests (previously referred to as minority interests) to be treated as a separate component of equity, not as a liability or other item outside of permanent equity. The statement applies to the accounting for noncontrolling interests and transactions with noncontrolling interest holders in consolidated financial statements. This statement became effective for us on January 1, 2009. Earlier application was prohibited. This statement was applied prospectively to all noncontrolling interests, including any that arose before the effective date except that comparative period information must be recast to classify noncontrolling interests in equity, attribute net income and other comprehensive income to noncontrolling interests, and provide additional required disclosures. The adoption of SFAS No. 160 did not have a material effect on our financial statements.

In February 2007, the FASB issued SFAS No. 159, which permitted an entity to measure certain financial assets and liabilities at fair value. The statement's objective was to improve financial reporting by allowing entities to mitigate volatility in reported earnings caused by the measurement of related assets and liabilities using different attributes, without having to apply complex hedge accounting provisions. This statement became effective for fiscal years beginning after November 15, 2007 and was to be applied prospectively. We adopted the provisions of SFAS No. 159 on January 1, 2008. As we did not elect to measure existing assets and liabilities at fair value, the adoption of this statement did not have an effect on our financial statements.

In September 2006, the FASB issued SFAS No. 157. This statement does not require any new fair value measurements, but rather, it provided enhanced guidance to other pronouncements that require or permit assets or liabilities to be measured at fair value. The changes to current practice resulting from the application of this statement related to the definition of fair value, the methods used to estimate fair value, and the requirement for expanded disclosures about estimates of fair value. This statement became effective for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The effective date for this statement for all nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis was delayed by one year. Nonfinancial assets and nonfinancial liabilities that could be impacted by this deferral include assets and liabilities initially measured at fair value in a business combination, and intangible assets and goodwill tested annually for impairment. We adopted the provisions of SFAS No. 157 related to financial assets and financial liabilities on January 1, 2008, which required additional disclosure in our financial statements. The partial adoption of this statement did not have a material impact on our financial statements. We adopted the remaining provisions of SFAS No. 157 related to nonfinancial assets and nonfinancial liabilities on January 1, 2009. The adoption of the remaining provisions of this statement did not have a material impact on our financial statements.

In October 2008, the FASB issued SFAS No. 157-3. This position clarifies the application of FASB No. 157 in a market that is not active and provides an example to illustrate key considerations in determining the fair value of a financial asset when the market for that financial asset is not active. This position was effective for us on September 30, 2008. The adoption of this position did not have an effect on our financial statements.

ACQUISITIONS

On August 31, 2007, we acquired Pioneer, a manufacturer of chlorine, caustic soda, bleach, sodium chlorate, and hydrochloric acid. Pioneer owned and operated four chlor-alkali plants and several bleach manufacturing facilities in North America. Under the merger agreement, each share of Pioneer common stock was converted into the right to receive $35.00 in cash, without interest. The aggregate purchase price for all of Pioneer's outstanding shares of common stock, together with the aggregate payment due to holders of options to purchase shares of common stock of Pioneer, was $426.1 million, which includes direct fees and expenses. We financed the merger with cash and $110.0 million of borrowings against our Accounts Receivable Facility. At the date of acquisition, Pioneer had cash and cash equivalents of $126.4 million. We assumed $120.0 million of Pioneer's convertible debt which was redeemed in the fourth quarter of 2007 and January 2008. We paid a conversion premium of $25.8 million on the Pioneer convertible debt.

For segment reporting purposes, Pioneer has been included in Chlor Alkali Products. Our results for 2008 and 2007 included $552.7 million and $183.6 million, respectively, of Pioneer sales and $101.9 million and $29.2 million, respectively, of Pioneer segment income.

We finalized our purchase price allocation during 2008. The adjustments to the purchase price allocation were primarily the result of finalizing estimates for environmental expenditures to investigate and remediate known sites and asset retirement obligations, partially offset by a resolution of certain tax audit issues. These adjustments resulted in no change to goodwill. The following table summarizes the final allocation of the purchase price to Pioneer's assets and liabilities:

	August 31, 2007
	($ in millions)
Total current assets	$ 222.7
Property, plant and equipment	238.1
Other assets	30.1
Goodwill	301.9
Total assets acquired	792.8
Total current liabilities	(72.6)
Long-term debt	(147.7)
Deferred income taxes	(14.8)
Other liabilities	(131.6)
Total liabilities assumed	(366.7)
Net assets acquired	$ 426.1

Included in total current assets is cash and cash equivalents of $126.4 million. Included in other liabilities are liabilities for future environmental expenditures to investigate and remediate known sites of $57.5 million, liabilities for unrecognized tax benefits of $29.3 million, accrued pension and postretirement liabilities of $15.0 million, asset retirement obligations of $23.6 million and other liabilities of $6.2 million.

During the fourth quarter of 2007, we completed our valuation of identifiable intangible assets that resulted from the Pioneer acquisition. We allocated $19.0 million of purchase price to intangible assets relating to customers, customer contracts and relationships, which management estimates to have a useful life of fifteen years, and $1.2 million to intangible assets associated with internally developed and purchased software, which management estimates to have a useful life of five years. These identifiable intangible assets were included in Other Assets.

Based on the valuation, $301.9 million was assigned to goodwill. None of the goodwill is deductible for tax purposes. The goodwill represents the portion of the purchase price that is in excess of the fair values of the other net assets acquired. The primary reason for the acquisition and the principal factors that contributed to a Pioneer purchase price that resulted in the recognition of goodwill are the cost savings available from the combination of the two businesses, the geographic diversification the Pioneer locations provide us, and the strengthened position in the industrial bleach segment. The cost-saving opportunities included the elimination of duplicate administrative activities and improved operational efficiencies in logistics, purchasing, and manufacturing.

Goodwill recorded in the acquisition is not amortized but will be reviewed annually in the fourth quarter and/or when circumstances or other events indicate that impairment may have occurred.

On March 12, 2008, we announced that, in connection with our plans to streamline our Chlor Alkali Products manufacturing operations in Canada in order to serve our customer base in a more cost effective manner, we would close the acquired Dalhousie, New Brunswick, Canada chlorine, caustic soda, sodium chlorate, and bleach operations. We substantially completed the closure of the Dalhousie facility by June 30, 2008. We expect to incur cash expenditures of $2.5 million associated with the shutdown, which were previously included in current liabilities on the August 31, 2007 balance sheet. We have paid $1.8 million of costs associated with this shutdown as of December 31, 2008.

The following pro forma summary presents the condensed statements of operations as if the acquisition of Pioneer had occurred at the beginning of each period (unaudited):

	Years ended December 31,	
	2007	2006
	($ in millions, except per share data)	
Sales	$ 1,625.0	$ 1,565.4
Income from continuing operations	116.1	187.0
Net income	6.1	213.0
Income from continuing operations per common share:		
Basic	$ 1.57	$ 2.58
Diluted	1.56	2.57
Net income per common share:		
Basic	$ 0.08	$ 2.93
Diluted	0.08	2.93

The pro forma statements of operations include an increase to interest expense of $4.3 million and $6.4 million for 2007 and 2006, respectively. This adjustment is calculated assuming that our borrowings of $110.0 million at an interest rate of 5.76% at the time of the merger were outstanding from January 1, 2006. The pro forma statements of operations use estimates and assumptions based on information available at the time. Management believes the estimates and assumptions to be reasonable; however, actual results may differ significantly from this pro forma financial information. The pro forma information does not reflect any cost savings that might be achieved from combining the operations and is not intended to reflect the actual results that would have occurred had the companies actually been combined during the periods presented. The 2006 income from continuing operations included a gain of $22.6 million from the sale at the Pioneer Henderson, NV facility of approximately 60 acres of vacant land adjacent to the chlor alkali plant.

DISCONTINUED OPERATIONS

On October 15, 2007, we announced we entered into a definitive agreement to sell the Metals business to Global for $400 million, payable in cash. The price received was subject to a customary working capital adjustment. The transaction closed on November 19, 2007. We recognized a pretax loss of $160.0 million partially offset by a $21.0 million income tax benefit, resulting in a net loss on disposal of discontinued operations of $139.0 million. The loss on disposal of discontinued operations included a pension curtailment charge of $6.9 million, other postretirement benefits curtailment credit of $1.1 million, and transaction fees of $24.6 million. The final loss recognized related to this transaction will be dependent upon the final determination of the value of working capital in the business. The loss on the disposal, which included transaction costs, reflected a book value of the Metals business of approximately $564 million and a tax basis of approximately $396 million. The difference between the book and tax values of the business reflected primarily goodwill of $75.8 million and intangibles of $10.4 million. Based on an estimated working capital adjustment, we anticipated net cash proceeds from the transaction of $380.8 million, which was in addition to the $98.1 million of after-tax cash flow realized from the operation of Metals during 2007.

In April 2008, we and Global entered into a binding arbitration regarding the final working capital adjustment. The arbitration is expected to be concluded in 2009.

The Metals business was a reportable segment comprised of principal manufacturing facilities in East Alton, IL and Montpelier, OH. Metals produced and distributed copper and copper alloy sheet, strip, foil, rod, welded tube, fabricated parts, and stainless steel and aluminum strip. Sales for the Metals business were $1,891.7 million and $2,112.1 million for the period of our ownership in 2007 and 2006, respectively. Intersegment sales of $81.4 million and $69.1 million for the period of our ownership in 2007 and 2006, respectively, representing the sale of ammunition cartridge case cups to Winchester from Metals, at prices that approximate market, have been eliminated from Metals sales. In conjunction with the sale of the Metals business, Winchester agreed to purchase the majority of its ammunition cartridge case cups and copper-based strip requirements from Global under a multi-year agreement with pricing, terms, and conditions which approximate market. The Metals business employed approximately 2,900 hourly and salaried employees. The results of operations from the Metals business have been presented as discontinued operations for all periods presented.

In conjunction with the sale of the Metals business, we retained certain assets and liabilities including certain assets co-located with our Winchester business in East Alton, IL, assets and liabilities associated with former Metals manufacturing locations, pension assets and pension and postretirement healthcare and life insurance liabilities associated with Metals employees for service earned through the date of sale, and certain environmental obligations existing at the date of closing associated with current and past Metals manufacturing operations and waste disposal sites.

EARNINGS PER SHARE

Basic and diluted income (loss) per share are computed by dividing net income (loss) by the weighted average number of common shares outstanding. Diluted earnings per share reflect the dilutive effect of stock-based compensation.

Computation of Income (Loss) per Share	*Years ended December 31,* 2008	2007	2006
	($ and shares in millions, except per share data)		
Income from continuing operations	$ 157.7	$ 100.8	$ 123.7
Discontinued Operations:			
Income from discontinued operations, net	—	29.0	26.0
Loss on disposal of discontinued operations, net	—	(139.0)	—
Net income (loss)	$ 157.7	$ (9.2)	$ 149.7
Basic shares	75.8	74.0	72.6
Basic Income (Loss) per Share:			
Income from continuing operations	$ 2.08	$ 1.36	$ 1.70
Income from discontinued operations, net	—	0.39	0.36
Loss on disposal of discontinued operations, net	—	(1.87)	—
Net income (loss)	$ 2.08	$ (0.12)	$ 2.06
Diluted shares:			
Basic shares	75.8	74.0	72.6
Stock-based compensation	0.3	0.3	0.2
Diluted shares	76.1	74.3	72.8
Diluted Income (Loss) per Share:			
Income from continuing operations	$ 2.07	$ 1.36	$ 1.70
Income from discontinued operations, net	—	0.39	0.36
Loss on disposal of discontinued operations, net	—	(1.87)	—
Net income (loss)	$ 2.07	$ (0.12)	$ 2.06

ALLOWANCE FOR DOUBTFUL ACCOUNTS RECEIVABLES

Allowance for doubtful accounts receivable consisted of the following:

	2008	*2007*
	($ in millions)	
Beginning Balance	$ 3.0	$ 2.7
Provisions charged (credited)	3.7	(0.9)
Write-offs, net of recoveries	—	(0.3)
Pioneer acquisition	(1.5)	1.5
Currency translation adjustments	(0.2)	—
Ending Balance	$ 5.0	$ 3.0

INVENTORIES

	December 31, 2008	2007
	($ in millions)	
Supplies	$ 27.2	$ 24.9
Raw materials	56.4	40.6
Work in process	26.6	21.4
Finished goods	90.7	73.2
	200.9	160.1
LIFO reserves	(69.5)	(53.4)
Inventories	$ 131.4	$ 106.7

In conjunction with the acquisition of Pioneer, we obtained inventories with a fair value of $25.1 million, as of August 31, 2007. Inventories valued using the LIFO method comprised 73% and 68% of the total inventories at December 31, 2008 and 2007, respectively. If the first-in, first-out (FIFO) method of inventory accounting had been used, inventories would have been $69.5 million and $53.4 million higher than that reported at December 31, 2008 and 2007, respectively.

PROPERTY, PLANT AND EQUIPMENT

	Useful Lives	*December 31,* 2008	2007
		($ in millions)	
Land and improvements to land	10-20 Years	$ 133.5	$ 132.4
Buildings and building equipment	10-25 Years	154.5	149.2
Machinery and equipment	3-12 Years	1,113.9	1,056.4
Leasehold improvements		3.6	2.7
Construction in progress		180.4	75.5
Property, plant and equipment		1,585.9	1,416.2
Less accumulated depreciation		956.0	912.6
Property, plant and equipment, net		$ 629.9	$ 503.6

In conjunction with the acquisition of Pioneer, we recognized the fair value of property, plant and equipment of $238.1 million, as of August 31, 2007. Depreciation expense was $68.1 million, $47.3 million, and $37.5 million for 2008, 2007, and 2006, respectively. Leased assets capitalized and included above are not significant. Interest capitalized was $5.0 million, $0.2 million, and zero for 2008, 2007, and 2006, respectively. Maintenance and repairs charged to operations amounted to $124.1 million, $88.8 million, and $71.1 million in 2008, 2007, and 2006, respectively. The increase in depreciation expense and maintenance and repair charges primarily relate to Pioneer.

The Consolidated Statement of Cash Flows for the year ended December 31, 2008, included a $16.2 million reduction to Capital Expenditures, with the corresponding change to Accounts Payable and Accrued Liabilities, related to purchases of property, plant and equipment included in accounts payable at December 31, 2008.

During the first quarter of 2007, we entered into a sale/leaseback for chlorine railcars that were acquired in 2005 and 2006. This transaction reduced our fixed assets by approximately $16.0 million.

INVESTMENTS—AFFILIATED COMPANIES

We have a 50% ownership interest in SunBelt which is accounted for using the equity method of accounting. Condensed financial positions and results of operations of this equity-basis affiliate in its entirety were as follows:

	100% Basis 2008	2007	2006
		($ in millions)	
Condensed Balance Sheet Data:			
Current assets	$ 22.4	$ 27.8	
Noncurrent assets	107.7	109.6	
Current liabilities	19.7	21.1	
Noncurrent liabilities	97.5	109.7	
Condensed Income Statement Data:			
Net sales	$ 173.0	$ 180.6	$ 186.7
Gross profit	87.4	103.4	115.9
Net income	65.1	82.0	94.6

The amount of cumulative unremitted earnings of SunBelt was $12.9 million and $6.6 million at December 31, 2008 and 2007, respectively. We received distributions from SunBelt totaling $29.4 million, $35.1 million, and $47.6 million in 2008, 2007 and 2006, respectively. We have not made any contributions in 2008, 2007, or 2006.

In accounting for our ownership interest in SunBelt, we adjust the reported operating results for depreciation expense in order to conform SunBelt's plant and equipment useful lives to ours. This depreciation expense reduced our share of SunBelt's operating results by $3.1 million in 2006. Beginning January 1, 2007, the original machinery and equipment of SunBelt had been fully depreciated in accordance with our useful asset lives, thus resulting in lower depreciation expense. The lower depreciation expense increased our share of SunBelt's operating results by $4.8 million and $3.8 million in 2008 and 2007, respectively. The operating results from Sunbelt included interest expense of $4.4 million, $4.8 million, and $5.3 million in 2008, 2007, and 2006, respectively, on the SunBelt Notes. Finally, we provide various administrative, management and logistical services to SunBelt for which we received fees totaling $8.2 million, $8.3 million, and $7.8 million in 2008, 2007, and 2006, respectively.

Pursuant to a note purchase agreement dated December 22, 1997, SunBelt sold $97.5 million of Guaranteed Senior Secured Notes Due 2017, Series O, and $97.5 million of Guaranteed Senior Secured Notes Due 2017, Series G. We refer to these notes as the SunBelt Notes. The SunBelt Notes bear interest at a rate of 7.23% per annum, payable semiannually in arrears on each June 22 and December 22.

We have guaranteed the Series O Notes, and PolyOne, our partner in this venture, has guaranteed the Series G Notes, in both cases pursuant to customary guarantee agreements. Our guarantee and PolyOne's guarantee are several, rather than joint. Therefore, we are not required to make any payments to satisfy the Series G Notes guaranteed by PolyOne. An insolvency or bankruptcy of PolyOne will not automatically trigger acceleration of the SunBelt Notes or cause us to be required to make payments under our guarantee, even if PolyOne is required to make payments under its guarantee. However, if SunBelt does not make timely payments on the SunBelt Notes, whether as a result of failure to pay on a guarantee or otherwise, the holders of the SunBelt Notes may proceed against the assets of SunBelt for repayment. If we were to make debt service payments under our guarantee, we would have a right to recover such payments from SunBelt.

Beginning on December 22, 2002 and each year through 2017, SunBelt is required to repay $12.2 million of the SunBelt Notes, of which $6.1 million is attributable to the Series O Notes. After the payment of $6.1 million on the Series O Notes in December 2008, our guarantee of these notes was $54.8 million. In the event SunBelt cannot make any of these payments, we would be required to fund the payment on the Series O Notes. In certain other circumstances, we may also be required to repay the SunBelt Notes prior to their maturity. We and PolyOne have agreed that, if we or PolyOne intend to transfer our respective interests in SunBelt and the transferring party is unable to obtain consent from holders of 80% of the aggregate principal amount of the indebtedness related to the guarantee being transferred after good faith negotiations, then we and PolyOne will be required to repay our respective portions of the SunBelt Notes. In such event, any make whole or similar penalties or costs will be paid by the transferring party.

In addition to SunBelt, we have two other investments, which are accounted for under the equity method.

On November 16, 2007, we purchased for cash an $11.6 million equity interest in a limited liability company that owns a bleach and related chlor alkali products manufacturing facility (bleach joint venture). As part of the investment we also entered into several commercial agreements, including agreements by which we will supply raw materials and services, and we will have marketing responsibility for merchant bleach and caustic soda.

We hold a 9.1% limited partnership interest in Bay Gas Storage Company, Ltd. (Bay Gas), an Alabama limited partnership, in which EnergySouth, Inc. (EnergySouth), which was acquired in 2008 by Sempra Energy, is the general partner with interest of 90.9%. Bay Gas owns, leases, and operates underground gas storage and related pipeline facilities, which are used to provide storage in the McIntosh, AL area and delivery of natural gas to EnergySouth customers.

The following table summarized our investments in our equity affiliates:

	December 31, 2008	December 31, 2007
	($ in millions)	
SunBelt	$ (3.7)	$ (10.4)
Bay Gas	10.7	6.0
Bleach joint venture	12.0	11.6
Investments in equity affiliates	$ 19.0	$ 7.2

The following table summarized our equity earnings of non-consolidated affiliates:

	2008	2007	2006
		($ in millions)	
SunBelt	$ 37.3	$ 44.8	$ 44.2
Bay Gas	1.5	1.2	1.1
Bleach joint venture	0.6	—	—
Equity earnings of non-consolidated affiliates	$ 39.4	$ 46.0	$ 45.3

We received net settlement of advances of $27.6 million, $25.4 million, and $44.0 million for 2008, 2007, and 2006, respectively.

DEBT

Credit Facility

In August 2007, we entered into a $35 million letter of credit facility to assume the various Pioneer letters of credit issued principally to support the acquisition of materials for the St. Gabriel, LA facility conversion and expansion project.

On October 29, 2007, we entered into a new five-year senior revolving credit facility of $220 million, which replaced the $160 million senior revolving credit facility. During the first quarter of 2008, we increased our senior revolving credit facility by $20 million to $240 million by adding a new lending institution. The new senior revolving credit facility will expire in October 2012. We have the option to expand the $240 million senior revolving credit facility by an additional $60 million by adding a maximum of two additional lending institutions each year. At December 31, 2008 we had $207.1 million available under this senior revolving credit facility, because we had issued $32.9 million of letters of credit under a $110 million subfacility. Under the senior revolving credit facility, we may select various floating rate borrowing options. It includes various customary restrictive covenants, including restrictions related to the ratio of debt to earnings before interest expense, taxes, depreciation and amortization (leverage ratio) and the ratio of earnings before interest expense, taxes, depreciation and amortization to interest expense (coverage ratio).

At December 31, 2008, we had letters of credit of $64.6 million outstanding, of which $32.9 million were issued under our $240 million senior revolving credit facility. These letters of credit are used to support certain long-term debt, capital expenditure commitments, certain workers compensation insurance policies, and plant closure and post-closure obligations.

In addition to our senior revolving credit facility, we entered into two new credit facilities in June 2007. On June 26, 2007, we entered into a $100 million Credit Facility and a $150 million Credit Facility. These commitments were put in place to support the funding of the Pioneer acquisition. The $100 million Credit Facility matured on the earlier of June 24, 2008, or upon an increase in the lending commitments under our existing senior revolving credit facility and the establishment of an accounts receivable securitization facility. In the fourth quarter of 2007, the $100 million Credit Facility expired as all conditions for early termination were met. The $150 million Credit Facility would have matured on June 24, 2008. During the fourth quarter of 2007, the $150 million Credit Facility was terminated.

Long-Term Debt

	December 31, 2008	December 31, 2007
	($ in millions)	
Notes payable:		
6.5%, due 2013	$ 11.4	$ 11.4
6.75%, due 2016	125.0	125.0
2.75%, convertible due 2027	—	2.1
9.125%, due 2011 (includes interest rate swaps of $8.5 million in 2008 and $4.8 million in 2007)	83.5	79.8
Industrial development and environmental improvement obligations at fixed interest rates of 6.625% to 6.75%, due 2014-2025 (includes interest rate swaps of $2.8 million in 2008 and $1.8 million in 2007)	32.5	40.7
Accounts receivable facility	—	—
Total debt	252.4	259.0
Amounts due within one year	—	9.8
Total long-term debt	$ 252.4	$ 249.2

On July 25, 2007, we established a $250 million, 364-day Accounts Receivable Facility, renewable annually for five years, which expires in July 2012. As a result of the sale of Metals, the Accounts Receivable Facility was reduced from $250 million to $100 million. In July 2008, the Accounts Receivable Facility was reduced from $100 million to $75 million. The $75 million Accounts Receivable Facility provides for the sale of our eligible trade receivables to third party conduits through a wholly-owned, bankruptcy-remote, special purpose entity that is consolidated for financial statement purposes. At December 31, 2008, we had $75 million available under the Accounts Receivable Facility based on eligible trade receivables. At December 31, 2008, we had no securitized accounts receivable or the corresponding debt on the consolidated balance sheet. Interest expense under this facility was zero in 2008 and $1.0 million for 2007.

On August 31, 2007, we acquired Pioneer and assumed $120.0 million aggregate principal amount of 2.75% Convertible Senior Subordinated Notes due 2027 (Convertible Notes) and $1.8 million aggregate principal amount of the 1994 Economic Development Corporation of Pierce County Variable Rate Demand Revenue Bonds due 2014 (Pierce County Bonds).

The Convertible Notes bore interest at 2.75% per year, payable on March 1 and September 1 of each year, beginning on September 1, 2007. Terms of the Convertible Notes required that in the event of a change in control of Pioneer, the notes were convertible into common shares of Pioneer. Since we purchased all the common shares of Pioneer, the noteholders received cash up to the principal amount of the Convertible Notes and a premium of $25.8 million for the $120.0 million of Convertible Notes outstanding. As of December 31, 2007, $117.9 million of the Convertible Notes and related premium were repaid using drawings from our Accounts Receivable Facility and cash. The remaining $2.1 million of Convertible Notes were repaid in January 2008.

The Pierce County Bonds were issued to acquire land and to construct and equip a Pioneer facility to manufacture bleach and other cleaning products in Tacoma, WA. The interest rate on the Pierce County Bonds is a variable rate that is reset each week and payable monthly. The Bonds can be converted to a fixed rate at our option. The notes mature on October 1, 2014.

On June 26, 2006, we commenced an offer to exchange a new series of notes due in 2016 and cash for up to $125.0 million of the $200.0 million 2011 Notes. On July 11, 2006, we announced that approximately $160.0 million aggregate principal amount of the 2011 Notes had been validly tendered for exchange. Since more than $125.0 million of the 2011 Notes had been tendered, the new notes were issued on a pro rata basis in accordance with the terms of the exchange offer. On July 28, 2006, we issued $125.0 million of 2016 Notes and paid a premium of $18.8 million to the existing note holders in exchange for $125.0 million of 2011 Notes. We expensed $1.2 million of third party fees associated with the exchange.

As a result of our fixed-rate financings, we entered into floating interest rate swaps in order to manage interest expense and floating interest rate exposure. We have entered into swaps valued at $101.6 million, as disclosed below, whereby we agree to pay variable rates to a counterparty who, in turn, pays us fixed rates. In all cases the underlying index for variable rates is the six-month LIBOR. Accordingly, payments are settled every six months and the terms of the swaps are the same as the underlying debt instruments.

The following table reflects the swap activity related to certain debt obligations as of December 31, 2008:

Underlying Debt Instrument	***Swap Amount***	***Date of Swap***	***December 31, 2008 Floating Rate***
	($ in millions)		
9.125%, due 2011	$ 50.0	December 2001	5.79%
9.125%, due 2011	$ 25.0	March 2002	4-5% [(a)]
Industrial development and environmental improvement obligations at interest rates of 6.625%-6.75% due 2016-2017	$ 21.1	March 2002	4.09%
	$ 5.5	March 2002	4.23%

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(a) Actual rate is set in arrears. We project the rate will fall within the range shown.

We have designated the interest rate swaps as fair value hedges of the risk of changes in the value of our fixed-rate debt due to changes in interest rates, for a portion of our fixed-rate borrowings. Accordingly, the interest rate swaps have been recorded at their fair market value of $11.3 million at December 31, 2008 and are included in Other Assets on the accompanying Consolidated Balance Sheet, with a corresponding increase in the carrying amount of the 9.125% Notes of $8.5 million and the Industrial Development and Environmental Improvement Obligations of $2.8 million. No gain or loss has been recorded as the swaps meet the criteria to qualify for hedge accounting treatment with no ineffectiveness. These interest rate swaps reduced interest expense by $2.5 million, $0.6 million, and $1.3 million for 2008, 2007, and 2006, respectively. The difference between interest paid and interest received is included as an adjustment to interest expense. A settlement of the fair market value of the interest rate swaps as of December 31, 2008 would result in a gain of $11.3 million. The counterparty to these interest rate swap contracts is Citibank, N.A., a major financial institution. Our loss in the event of nonperformance by the counterparty could be significant to our financial position or results of operations.

In July 2006, we received proceeds of $0.4 million for the termination of a $30.0 million interest rate swap that was a fair value hedge for a portion of the $125.0 million 2011 Notes that were part of the July 2006 debt exchange.

Annual maturities of long-term debt are none in 2009 and 2010, $83.5 million in 2011, none in 2012, $11.4 million in 2013 and a total of $157.5 million thereafter.

PENSION PLANS AND RETIREMENT BENEFITS

In October 2007, we announced that we were freezing our defined benefit pension plan for salaried and certain non-bargaining hourly employees. Affected employees were eligible to accrue pension benefits through December 31, 2007, but are not accruing any additional benefits under the plan after that date. Employee service after December 31, 2007 does count toward meeting the vesting requirements for such pension benefits and the eligibility requirements for commencing a pension benefit, but not toward the calculation of the pension benefit amount. Compensation earned after 2007 similarly does not count toward the determination of the pension benefit amounts under the defined benefit pension plan. In lieu of continuing pension benefit accruals for the affected employees under the pension plan, starting in 2008, we provide a contribution to an individual retirement contribution account maintained with the CEOP equal to 5% of the employee’s eligible compensation if such employee is less than age 45, and 7.5% of the employee’s eligible compensation if such employee is age 45 or older. Freezing the defined benefit pension plan for salaried and certain non-bargaining hourly employees was accounted for as a curtailment under SFAS No. 88. As a result of freezing the defined benefit plan, we recorded a curtailment charge of $1.9 million for the defined benefit pension plan and a corresponding curtailment credit of $1.9 million for the non-qualified pension plan in 2007. Beginning in 2008, most of our employees participate in defined contribution pension plans. Expenses of the defined contribution pension plans were $11.3 million, $2.7 million and $0.8 million for 2008, 2007 and 2006, respectively.

A portion of our bargaining hourly employees continue to participate in our domestic defined benefit pension plans, which are non-contributory final-average-pay or flat-benefit plans. Our funding policy for the defined benefit pension plans is consistent with the requirements of federal laws and regulations. Our foreign subsidiaries maintain pension and other benefit plans, which are consistent with statutory practices. Our defined benefit pension plan provides that if, within three years following a change of control of Olin, any corporate action is taken or filing made in contemplation of, among other things, a plan termination or merger or other transfer of assets or liabilities of the plan, and such termination, merger or transfer thereafter takes place, plan benefits would automatically be increased for affected participants (and retired participants) to absorb any plan surplus (subject to applicable collective bargaining requirements).

We also provide certain postretirement health care (medical) and life insurance benefits for eligible active and retired domestic employees. The health care plans are contributory with participants’ contributions adjusted annually based on medical rates of inflation and plan experience. We use a measurement date of December 31 for our pension and postretirement plans.

During the third quarter of 2006, the “Pension Protection Act of 2006,” amended by “The Worker, Retiree, and Employer Recovery Act,” during the fourth quarter of 2008, became law. Among the stated objectives of the laws were the protection of both pension beneficiaries and the financial health of the PBGC. To accomplish these objectives, the new laws require sponsors to fund defined benefit pension plans earlier than previous requirements and to pay increased PBGC premiums. The laws require defined benefit plans to be fully funded in 2011. This will accelerate and potentially increase our pension plan funding requirements.

In conjunction with the acquisition of Pioneer, we assumed domestic and Canadian defined benefit pension plans, both qualified and non-qualified, and postretirement benefit obligations. The pension and postretirement benefit obligations assumed were $111.7 million and $8.8 million, respectively. The benefit obligation of the non-qualified pension plan assumed was $2.4 million, which was included in the $111.7 million. The pension assets assumed were $105.8 million. All of the domestic pension and postretirement benefit plans had been previously frozen by Pioneer and were merged with our pension and postretirement plans during 2007.

Obligations and Funded Status

Changes in the benefit obligation and plan assets were as follows:

	Pension Benefits 2008 ($ in millions)			Pension Benefits 2007 ($ in millions)		
Change in Benefit Obligation	***U.S.***	***Foreign***	***Total***	***U.S.***	***Foreign***	***Total***
Benefit obligation at beginning of year	$ 1,665.4	$ 57.7	$ 1,723.1	$ 1,653.8	$ —	$ 1,653.8
Service cost	4.4	1.0	5.4	17.1	0.5	17.6
Interest cost	100.7	3.0	103.7	98.8	1.0	99.8
Actuarial (gain) loss	7.0	(10.1)	(3.1)	(13.7)	0.3	(13.4)
Benefits paid	(117.3)	(2.6)	(119.9)	(112.3)	(0.8)	(113.1)
Pioneer acquisition	—	1.2	1.2	57.3	53.2	110.5
Curtailments	—	—	—	(35.6)	—	(35.6)
Currency translation adjustments	—	(9.9)	(9.9)	—	3.5	3.5
Benefit obligation at end of year	$ 1,660.2	$ 40.3	$ 1,700.5	$ 1,665.4	$ 57.7	$ 1,723.1

	Pension Benefits 2008 ($ in millions)			Pension Benefits 2007 ($ in millions)		
Change in Plan Assets	***U.S.***	***Foreign***	***Total***	***U.S.***	***Foreign***	***Total***
Fair value of plans' assets at beginning of year	$ 1,746.8	$ 59.6	$ 1,806.4	$ 1,416.0	$ —	$ 1,416.0
Actual return on plans' assets	(29.7)	(10.9)	(40.6)	287.3	0.8	288.1
Employer contributions	3.6	2.5	6.1	104.1	2.0	106.1
Benefits paid	(117.3)	(2.6)	(119.9)	(112.3)	(0.8)	(113.1)
Pioneer acquisition	—	—	—	51.7	54.1	105.8
Currency translation adjustments	—	(9.7)	(9.7)	—	3.5	3.5
Fair value of plans' assets at end of year	$ 1,603.4	$ 38.9	$ 1,642.3	$ 1,746.8	$ 59.6	$ 1,806.4

	Pension Benefits 2008 ($ in millions)			Pension Benefits 2007 ($ in millions)		
	U.S.	***Foreign***	***Total***	***U.S.***	***Foreign***	***Total***
Funded status	$ (56.8)	$ (1.4)	$ (58.2)	$ 81.4	$ 1.9	$ 83.3

Change in Benefit Obligation	Other Postretirement Benefits 2008 ($ in millions) U.S.	Foreign	Total	Other Postretirement Benefits 2007 ($ in millions) U.S.	Foreign	Total
Benefit obligation at beginning of year	$ 70.4	$ 9.1	$ 79.5	$ 87.8	$ —	$ 87.8
Service cost	1.3	0.2	1.5	2.4	0.1	2.5
Interest cost	4.0	0.4	4.4	5.2	0.2	5.4
Actuarial gain	(3.8)	(2.8)	(6.6)	(8.3)	—	(8.3)
Benefits paid	(7.5)	(0.2)	(7.7)	(10.9)	(0.1)	(11.0)
Pioneer acquisition	—	—	—	0.4	8.4	8.8
Curtailments	—	—	—	(6.2)	—	(6.2)
Currency translation adjustments	—	(1.4)	(1.4)	—	0.5	0.5
Benefit obligation at end of year	$ 64.4	$ 5.3	$ 69.7	$ 70.4	$ 9.1	$ 79.5

	Other Postretirement Benefits 2008 ($ in millions) U.S.	Foreign	Total	Other Postretirement Benefits 2007 ($ in millions) U.S.	Foreign	Total
Funded status	$ (64.4)	$ (5.3)	$ (69.7)	$ (70.4)	$ (9.1)	$ (79.5)

Under SFAS No. 158, we recorded a $99.4 million after-tax charge ($162.7 million pretax) to Shareholders' Equity as of December 31, 2008 for our pension and other post retirement plans. This charge reflected the unfavorable performance on plan assets during 2008. In 2007, we recorded a $138.3 million after-tax credit ($226.6 million pretax) to Shareholders' Equity as of December 31, 2007 as a result of a 25-basis point increase in the discount rate, combined with an increase in the value of the plan assets from favorable plan performance and the $100.0 million contribution.

Amounts recognized in the Consolidated Balance Sheets consisted of:

	Pension Benefits 2008 ($ in millions) U.S.	Foreign	Total	Pension Benefits 2007 ($ in millions) U.S.	Foreign	Total
Prepaid benefit cost	$ —	$ —	$ —	$ 135.9	$ 3.8	$ 139.7
Accrued benefit in current liabilities	(6.6)	(0.1)	(6.7)	(5.9)	—	(5.9)
Accrued benefit in noncurrent liabilities	(50.2)	(1.3)	(51.5)	(48.6)	(1.9)	(50.5)
Accumulated other comprehensive loss	357.8	5.1	362.9	208.4	1.0	209.4
Net balance sheet impact	$ 301.0	$ 3.7	$ 304.7	$ 289.8	$ 2.9	$ 292.7

	Other Postretirement Benefits 2008 ($ in millions) U.S.	Foreign	Total	Other Postretirement Benefits 2007 ($ in millions) U.S.	Foreign	Total
Accrued benefit in current liabilities	$ (7.9)	$ (0.2)	$ (8.1)	$ (8.8)	$ —	$ (8.8)
Accrued benefit in noncurrent liabilities	(56.5)	(5.1)	(61.6)	(61.6)	(9.1)	(70.7)
Accumulated other comprehensive loss	31.2	(2.7)	28.5	37.6	—	37.6
Net balance sheet impact	$ (33.2)	$ (8.0)	$ (41.2)	$ (32.8)	$ (9.1)	$ (41.9)

The $3.1 million actuarial gain for 2008 was the result of actuarial gains due to plan experience. The $13.4 million actuarial gains for 2007 were the result of the 25-basis point increase in the discount rate used to calculate the benefit obligation, partially offset by actuarial losses due to plan experience. The $35.6 million curtailment for 2007 in pension benefit obligations was primarily the result of the freezing of our defined benefit pension plan for salaried and certain non-bargaining hourly employees effective on January 1, 2008 and the sale of the Metals business which reduced pension obligations for Metals employees. The $6.2 million curtailment reduction for 2007 in other postretirement benefits obligation was a result of the sale of the Metals business which eliminated our retiree medical liability for unvested Metals employees.

At December 31, 2008 and 2007, the benefit obligation of non-qualified pension plans was $56.5 million and $56.4 million, respectively, and was included in the above pension benefit obligation. There were no plan assets for these non-qualified pension plans. Benefit payments for the non-qualified pension plans are expected to be as follows: 2009—$6.9 million; 2010—$3.7 million; 2011—$4.5 million; 2012—$9.5 million; and 2013—$3.7 million. Benefit payments for the qualified plans are projected to be as follows: 2009—$119.0 million; 2010—$114.0 million; 2011—$115.1 million; 2012—$116.8 million; and 2013—$118.8 million.

	December 31,	
	2008	2007
	($ in millions)	
Projected benefit obligation	$ 1,700.5	$ 1,723.1
Accumulated benefit obligation	1,687.8	1,715.3
Fair value of plan assets	1,642.3	1,806.4

	Pension Benefits			Other Postretirement Benefits		
Components of Net Periodic Benefit (Income) Cost	2008	2007	2006	2008	2007	2006
		($ in millions)			($ in millions)	
Service cost	$ 7.9	$ 19.7	$ 20.5	$ 1.5	$ 2.5	$ 2.4
Interest cost	103.7	99.8	94.2	4.4	5.4	5.1
Expected return on plans' assets	(134.7)	(127.1)	(114.2)	—	—	—
Amortization of prior service cost	1.6	3.8	5.0	(0.2)	(0.3)	—
Recognized actuarial loss	9.8	29.8	33.2	2.7	4.3	4.0
Curtailments	4.1	7.5	5.4	—	(1.1)	—
Net periodic benefit (income) cost	$ (7.6)	$ 33.5	$ 44.1	$ 8.4	$ 10.8	$ 11.5
Included in Other Comprehensive Loss (Pretax)						
Liability adjustment	$ 168.9	$ (212.1)	$ (89.2)	$ (6.2)	$ (14.5)	$ —
Amortization of prior service costs and actuarial losses	(15.5)	(41.1)	—	(2.6)	(2.9)	—
SFAS No. 158 adoption	—	—	65.0	—	—	55.0

The service cost and the amortization of prior service cost components of pension expense related to the employees of the operating segments are allocated to the operating segments based on their respective estimated census data.   Therefore, the allocated portion of net periodic pension benefit costs for the Metals business of $7.9 million and $10.6 million for the period of our ownership in 2007 and 2006, respectively, was included in income from discontinued operations. The portion of other postretirement benefit costs for the Metals business employees of $4.4 million and $4.7 million for the period of our ownership in 2007 and 2006, respectively, was also included in income from discontinued operations.

In 2008, we recorded curtailment charges of $4.1 million associated with the transition of a portion of our East Alton, IL Winchester hourly workforce and our McIntosh, AL Chlor Alkali hourly workforce from a defined benefit pension plan to a defined contribution pension plan. In 2007, we recorded a defined benefit pension curtailment charge of $6.9 million and other postretirement benefits curtailment credit of $1.1 million related to the sale of the Metals business, which were included in the loss on disposal of discontinued operations. Also during 2007, we recorded a curtailment charge of $0.5 million resulting from the conversion of a portion of the Metals hourly workforce from a defined benefit pension plan to a defined contribution pension plan, which was included in income from discontinued operations. In 2006, we recorded a pension curtailment charge of $2.4 million and $3.0 million resulting from a portion of the Winchester and Metals hourly workforces, respectively, who voluntarily elected to transition from a defined benefit pension plan to a defined contribution pension plan.   The Metals portion of this curtailment charge was included in income from discontinued operations.

Plan Assumptions

Certain actuarial assumptions, such as discount rate and long-term rate of return on plan assets have a significant effect on the amounts reported for net periodic benefit cost and accrued benefit obligation amounts.

	Pension Benefits			*Other Postretirement Benefits*		
Weighted Average Assumptions:	***2008***	***2007***	***2006***	***2008***	***2007***	***2006***
Discount rate—periodic benefit cost	6.25%	6.0%	5.75%	6.25%	6.0%	5.75%
Expected return on assets	8.5%	9.0%	9.0%	N/A	N/A	N/A
Rate of compensation increase	3.0%	3.0%	3.0%	N/A	N/A	N/A
Discount rate—benefit obligation	6.25%	6.25%	6.0%	6.25%	6.25%	6.0%

The discount rate is based on a hypothetical yield curve represented by a series of annualized individual zero-coupon bond spot rates for maturities ranging from one-half to thirty years. The bonds used in the yield curve must have a rating of AA or better per Standard & Poor's, be non-callable, and have at least $150 million par outstanding. The yield curve is then applied to the projected benefit payments from the plan. Based on these bonds and the projected benefit payment streams, the single rate that produces the same yield as the matching bond portfolio, rounded to the nearest quarter point, is used as the discount rate.

The long-term expected rate of return on plan assets represents an estimate of the long-term rate of returns on the investment portfolio consisting of equities, fixed income, and alternative investments. We use long-term historical actual return information, the allocation mix of investments that comprise plan assets, and forecast estimates of long-term investment returns by reference to external sources. The historic rate of return on plan assets has been 10.0% for the last 5 years, 7.3% for the last 10 years, and 10.3% for the last 15 years. The following rates of return by asset class were considered in setting the long-term rate of return assumption:

U.S. equities	9%	to	13%
Non-U.S. equities	10%	to	14%
Fixed income/cash	5%	to	9%
Alternative investments	5%	to	15%

We review external data and our own internal trends for healthcare costs to determine the healthcare cost for the post retirement benefit obligation. The assumed healthcare cost trend rates for pre-65 retirees were as follows:

	Other Postretirement Benefits	
	2008	***2007***
Healthcare cost trend rate assumed for next year	9.0%	9.0%
Rate that the cost trend rate gradually declines to	5.0%	4.5%
Year that the rate reaches the ultimate rate	2014	2013

For post-65 retirees, we provide a fixed dollar benefit, which is not subject to escalation.

Assumed healthcare cost trend rates have an effect on the amounts reported for the healthcare plans. A one-percentage-point change in assumed healthcare cost trend rates would have the following effects:

	One-Percentage Point Increase	***One-Percentage Point Decrease***
	($ in millions)	
Effect on total of service and interest costs	$ 0.3	$ (0.2)
Effect on postretirement benefit obligation	2.8	(2.6)

Plan Assets

Our pension plan asset allocation at December 31, 2008 and 2007, by asset class is as follows:

	Percentage of Plan Assets	
Asset Class	***2008***	***2007***
U.S. equities	6%	5%
Non-U.S. equities	5%	8%
Fixed income/cash	55%	58%
Alternative investments	15%	11%
Absolute return strategies	19%	18%
Total	100%	100%

The Alternative Investments asset class includes hedge funds, real estate, and private equity investments. The Alternative Investment class is intended to help diversify risk and increase returns by utilizing a broader group of assets.

Absolute Return Strategies further diversify the plan's assets through the use of asset allocations that seek to provide a targeted rate of return over inflation. The investment managers allocate funds within asset classes that they consider to be undervalued in an effort to preserve gains in overvalued asset classes and to find opportunities in undervalued asset classes.

A master trust was established by our pension plan to accumulate funds required to meet benefit payments of our plan and is administered solely in the interest of our plan's participants and their beneficiaries. The master trust's investment horizon is long term. Its assets are managed by professional investment managers or invested in professionally managed investment vehicles.

The master trust's investment objective is to maximize the long-term total rate of return on assets within the limits of applicable fiduciary standards dictated by the Employee Retirement Income and Security Act (ERISA) of 1974, as amended. Risk is managed by diversifying assets across asset classes whose return patterns are not highly correlated, investing in passively and actively managed strategies and in value and growth styles, and by periodic rebalancing of asset classes, strategies and investment styles to objectively set targets.

The following target allocation and ranges have been set for each asset class:

Asset Class	***Target Allocation***	***Target Range***
U.S. equities	8%	0-16%
Non-U.S. equities	8%	0-16%
Fixed income/cash	56%	24-72%
Alternative investments	8%	0-28%
Absolute return strategies	20%	10-30%

Ranges recognize the tendency of trends to persist and are designed to minimize transaction costs associated with rebalancing. Asset class target allocations are reviewed periodically and adjusted as appropriate. In September 2006, we made a voluntary pension plan contribution of $80.0 million and in May 2007, we made an additional $100.0 million voluntary contribution to our defined benefit pension plan. As a result of these voluntary contributions and favorable asset performance during 2006 and 2007, the asset allocation in our pension plan was adjusted to insulate the plan from discount rate risk and to reduce the plan's exposure to equity investments.

For our domestic qualified pension plans, based on current funding requirements, we will not be required to make any cash contributions at least through 2009. We expect to make payments of approximately $8 million in 2009 and $7 million for each of the next four years under the provisions of our other postretirement benefit plans.

INCOME TAXES

Components of Income From Continuing Operations Before Taxes	2008	2007	2006
		($ in millions)	
Domestic	$ 185.6	$ 136.3	$ 158.1
Foreign	71.9	14.4	5.1
Income from continuing operations before taxes	$ 257.5	$ 150.7	$ 163.2

Components of Income Tax Provision	2008	2007	2006
Currently payable:			
Federal	$ 52.2	$ 16.5	$ 58.8
State	9.6	3.1	6.6
Foreign	23.1	5.1	2.0
	84.9	24.7	67.4
Deferred	14.9	25.2	(27.9)
Income tax provision	$ 99.8	$ 49.9	$ 39.5

The following table accounts for the difference between the actual tax provision and the amounts obtained by applying the statutory U.S. federal income tax rate of 35% to the income from continuing operations before taxes.

Effective Tax Rate Reconciliation (Percent)	2008	2007	2006
Statutory federal tax rate	35.0	35.0	35.0
Foreign rate differential	—	(0.2)	0.2
Domestic manufacturing/export tax incentive	(1.3)	(2.2)	(1.4)
Dividends paid to CEOP	(0.3)	(0.7)	(0.6)
State income taxes, net	3.1	2.4	3.6
Foreign dividend	—	0.3	—
Change in tax contingencies	(0.1)	(1.3)	(13.4)
Change in valuation allowance	4.0	—	—
Return to provision	(0.7)	0.8	1.0
Other, net	(0.9)	(1.0)	(0.2)
Effective tax rate	38.8	33.1	24.2

Components of Deferred Tax Assets and Liabilities	2008	2007
	($ in millions)	
Deferred tax assets:		
Pension and postretirement benefits	$ 50.8	$ —
Environmental reserves	65.6	64.0
Asset retirement obligations	30.3	26.4
Accrued liabilities	39.8	38.3
Tax credits	17.9	9.9
Federal and state net operating losses	4.8	5.2
Capital loss carryforward	16.9	5.2
Other miscellaneous items	20.9	15.7
Total deferred tax assets	247.0	164.7
Valuation allowance	(26.8)	(12.5)
Net deferred tax assets	220.2	152.2
Deferred tax liabilities:		
Pension and postretirement benefits	—	3.4
Property, plant and equipment	102.3	101.4
Inventory and prepaids	1.4	1.3
Partnerships	6.9	4.7
Other miscellaneous items	0.8	0.1
Total deferred tax liabilities	111.4	110.9
Net deferred tax asset	$ 108.8	$ 41.3

Realization of the net deferred tax assets is dependent on future reversals of existing temporary differences and adequate future taxable income, exclusive of reversing temporary differences and carryforwards. Although realization is not assured, we believe that it is more likely than not that the net deferred tax assets will be realized. A reclassification totaling $56.3 million from Deferred Income Taxes to Current Deferred Income Taxes was made conforming deferred taxes to the classification of the underlying related assets and liabilities at December 31, 2007.

The deferred tax provision (benefit) for 2008, 2007 and 2006 does not reflect the tax effect of $(16.6) million, $2.0 million and $0.3 million, respectively, resulting from hedging activity under SFAS No. 133. For 2008, 2007, and 2006, the deferred tax provision (benefit) does not reflect $(56.3) million, $105.4 million and $(12.0) million, respectively, resulting from the pension and other postretirement liability adjustments.

At December 31, 2008 and 2007, we had federal tax benefits of $8.5 million and $5.1 million, respectively, relating to actual foreign tax credit carryforwards. At December 31, 2008 and 2007, we had a valuation allowance of $3.5 million and $4.2 million, respectively, due to uncertainties regarding the realization of the tax benefits of our actual foreign tax credit carryforwards. Our tax benefits for the foreign tax credit carryforwards and the associated valuation allowance were as follows:

	Tax Benefit	*Valuation Allowance*
	($ in millions)	
Balance at January 1, 2007	$ 5.7	$ (4.5)
Acquired with Pioneer	6.9	(4.2)
Decreases for current year utilization	(3.7)	0.7
Decreases due to statute of limitations	(3.8)	3.8
Balance at December 31, 2007	5.1	(4.2)
Acquired with Pioneer	2.7	0.7
Increases for prior year limitations	1.1	—
Decreases for current year utilization	(0.4)	—
Balance at December 31, 2008	$ 8.5	$ (3.5)

In 2007, we acquired federal tax benefits of $4.8 million as part of the Pioneer acquisition associated with the expected future foreign tax credits that will be generated by the deferred tax liabilities of Pioneer's Canadian subsidiary. At December 31, 2008, we had federal tax benefits of $2.9 million recorded associated with the expected future foreign tax credits. Realization of the tax benefits associated with such foreign tax credits is dependent upon reversal of Canadian temporary differences, future U.S. taxable income and future foreign source taxable income. We believe that it is more likely than not that the deferred tax benefits will be realized and no valuation allowance is necessary.

We acquired a U.S. net operating loss carryforward (NOL) of approximately $6.6 million (representing $2.3 million of deferred tax assets) as part of the Pioneer acquisition. At December 31, 2008, we had approximately $5.6 million (representing $2.0 million of deferred tax assets) remaining, that will expire in years 2017 through 2020, if not utilized. The utilization of this NOL is limited under Section 382 of the Internal Revenue Code to $0.5 million in each year through 2020. We believe that it is more likely than not that the NOL will be realized and no valuation allowance is necessary.

At December 31, 2008, we had deferred state tax benefits of $2.8 million relating to state net operating loss carryforwards, which are available to offset future state taxable income through 2023. Due to uncertainties regarding realization of the tax benefits, a valuation allowance of $0.5 million has been applied against the deferred state tax benefits at December 31, 2008.

At December 31, 2008, we had a capital loss carryforward of $43.4 million (representing $16.9 million of deferred tax assets) that is available to offset future consolidated capital gains. Due to uncertainties regarding the realization of the capital loss carryforward, a valuation allowance of $16.9 million has been applied against the deferred tax benefit at December 31, 2008.

The total amount of undistributed earnings of foreign subsidiaries was approximately $28.8 million at December 31, 2008. The Company has not provided deferred taxes on foreign earnings because such earnings are indefinitely reinvested outside the United States. Deferred taxes have not been provided on the excess book basis in the shares of certain foreign subsidiaries because these basis differences are not expected to reverse in the foreseeable future. The undistributed earnings and excess book basis differences could reverse through a sale, receipt of dividends from the subsidiaries, as well as various other events. It is not practical to calculate the residual income tax that would result if these basis differences reversed due to the complexities of the tax law and the hypothetical nature of the calculations.

The American Jobs Creation Act (AJCA), signed into law in October 2004, made a number of changes to the income tax laws which will affect us in future years. The most significant change for us was a new deduction for qualifying domestic production activity, which replaced the extraterritorial income exclusion. As a result of AJCA, we expect a modest decline in our effective tax rate in 2010 and future years when the qualifying domestic production activity deduction increases.

In July 2006, the FASB issued Interpretation No. 48, “Accounting for Uncertainty in Income Taxes,” (FIN No. 48). This interpretation clarified the accounting for uncertainty in income taxes recognized in the financial statements in accordance with FASB No. 109. FIN No. 48 prescribed a recognition threshold and required a measurement of a tax position taken or expected to be taken in a tax return. This interpretation also provided guidance on the treatment of derecognition, classification, interest and penalties, accounting in interim periods, and disclosure. We adopted the provisions of FIN No. 48 on January 1, 2007. As a result of the implementation, we recognized a $0.1 million increase in the liability for unrecognized tax benefits, which was accounted for as an increase to Accumulated Deficit. In addition, FIN No. 48 required a reclassification of unrecognized tax benefits and related interest and penalties from deferred income taxes to current and long-term liabilities. At January 1, 2007, we reclassified $19.8 million from Deferred Income Taxes to Accrued Liabilities ($3.1 million) and Other Liabilities ($16.7 million).

We acquired $29.8 million of gross unrecognized tax benefits in conjunction with the Pioneer acquisition, all of which would have been a reduction to goodwill, if recognized during 2008. During third quarter 2008, we favorably resolved $7.6 million of Pioneer unrecognized tax benefits associated with certain audits, which was recorded as a reduction to goodwill. After adopting SFAS No. 141R in 2009, any remaining balance of unrecognized tax benefits will affect our effective tax rate instead of goodwill, if recognized. If these tax benefits are not realized, the result, as of December 31, 2008, would be cash tax payments of $10.1 million.

As of December 31, 2008, we had $50.2 million of gross unrecognized tax benefits (including Pioneer), all of which would impact the effective tax rate, if recognized. If these tax benefits are not recognized, the result would be cash tax payments of $32.6 million. The change for 2008 relates to additional gross unrecognized benefits for ongoing income tax audits by various taxing jurisdictions and current year tax positions, as well as the expiration of the statute of limitations in domestic jurisdictions and settlements of ongoing audits. The amounts of unrecognized tax benefits were as follows:

	2008	2007
	($ in millions)	
Beginning Balance	$ 51.8	$ 16.5
Increase for prior year tax positions	2.2	1.2
Decrease for prior year tax positions	(2.3)	(0.7)
Acquired from Pioneer	(7.4)	37.2
Increase for current year tax positions	7.4	0.3
Decrease due to tax settlements	(0.4)	(1.4)
Reductions due to statute of limitations	(1.1)	(1.3)
Ending Balance	$ 50.2	$ 51.8

At December 31, 2008, our Consolidated Balance Sheet contained unrecognized tax benefits and related interest and penalties of $50.3 million, which were classified as other noncurrent liabilities. In 2008, our decrease in unrecognized tax benefits for prior year tax positions included $1.2 million of foreign currency translation.

On July 10, 2006, we finalized a settlement with the IRS, which included the periods 1996 to 2002 and related primarily to the tax treatment of capital losses generated in 1997. We made payments of $46.7 million in 2006. We made payments of $0.6 million and $1.5 million in 2007 and 2008, respectively, to various state and local jurisdictions in conjunction with the IRS settlement. As a result, income tax expense in 2006 was reduced by $21.6 million associated with the settlement and other tax matters. In the fourth quarter of 2006, income tax expense included a $4.6 million increase related to state income taxes. This increase included state tax adjustments associated with the settlement of the tax treatment of capital losses generated in 1997 and other tax matters. We have filed both federal and state amended income tax returns for years 2002 and prior to report changes to taxable income per IRS examinations. Such tax years remain subject to examination to the extent of the changes reported.

In 2006, the IRS commenced an examination of our U.S. income tax return for 2004. In June 2007, we reached an agreement in principle with the IRS for the 2004 tax examination. The settlement resulted in a reduction of income tax expense of $0.6 million in 2007 related primarily to a favorable adjustment to our extraterritorial income exclusion. In connection with the settlement, we paid $3.2 million to the IRS in June 2007.

We recognize interest and penalty expense related to unrecognized tax positions as a component of the Income Tax Provision. As of December 31, 2008, interest accrued was $5.9 million, and penalties accrued were $0.5 million. For 2008, 2007, and 2006, we expensed interest of $1.5 million, $1.4 million, and $1.2 million, respectively.

As of December 31, 2008, we believe it is reasonably possible that our total amount of unrecognized tax benefits will decrease by approximately $5.8 million over the next twelve months. The reduction primarily relates to settlements with tax authorities and the lapse of federal, state, and foreign statutes of limitation.

Our federal income tax returns for 2005 to 2007 are open tax years under statute of limitations. The statute of limitations for the 2004 federal income tax return expired in the third quarter of 2008. We file in numerous state and foreign jurisdictions with varying statutes of limitation open from 2004 through 2007 depending on each jurisdiction's unique statute of limitation.

Pioneer filed income tax returns in the U.S., various states, Canada, and various Canadian provinces. The statute of limitations for the year 2005 and forward are open for examination. The IRS commenced an audit of Pioneer's 2006 tax year in the fourth quarter of 2008.

ACCRUED LIABILITIES

In conjunction with the acquisition of Pioneer, we assumed Accrued Liabilities of $52.8 million, as of August 31, 2007. Included in Accrued Liabilities were the following:

	December 31,	
	2008	***2007***
	($ in millions)	
Accrued compensation and payroll taxes	$ 42.0	$ 43.7
Fair value of commodity forward contracts	40.9	0.3
Accrued employee benefits	40.6	47.8
Retained obligations from Metals sale	36.9	47.9
Environmental (current portion only)	35.0	35.0
Legal and professional costs	25.8	33.0
Asset retirement obligation (current portion only)	25.5	10.2
Other	27.3	26.8
	$ 274.0	$ 244.7

CONTRIBUTING EMPLOYEE OWNERSHIP PLAN

The CEOP is a defined contribution plan available to essentially all domestic employees. Company matching contributions are invested in the same investment allocation as the employee's contribution. The matching contributions for salaried employees were contingent upon our financial performance through 2007. Beginning in 2008, the matching contributions for salaried employees are no longer contingent upon financial performance. During 2007 and 2006, a performance match was earned. Our matching contributions for eligible employees amounted to $4.6 million, $7.7 million, and $8.2 million in 2008, 2007, and 2006, respectively.

Employees become vested in the value of the contributions we make to the CEOP according to a schedule based on service. After two years of service, participants are 25% vested. They vest in increments of 25% for each additional year and after five years of service, they are 100% vested in the value of the contributions that we have made to their accounts.

Employees may transfer any or all of the value of the investments, including Olin common stock, to any one or combination of investments available in the CEOP. Employees may transfer balances daily and may elect to transfer any percentage of the balance in the fund from which the transfer is made. However, when transferring out of a fund, employees are prohibited from trading out of the fund to which the transfer was made for seven calendar days. This limitation does not apply to trades into the money market fund or the Olin Common Stock Fund.

STOCK-BASED COMPENSATION

Compensation expense related to amounts to be settled in shares for deferred directors' compensation, restricted stock, and performance shares were being recognized before implementing SFAS No. 123R and totaled $2.4 million for the year ended December 31, 2006. Total stock-based compensation expense related to stock options was as follows:

		2006
		($ in millions, except per share data)
Stock-based Compensation Expense Recognized:		
Cost of Goods Sold	$	0.2
Selling and Administration		2.9
Total decrease in Income from Continuing Operations before Taxes		3.1
Income Tax Benefit		(1.2)
Total decrease in Net Income	$	1.9
Decrease in Net Income per Common Share:		
Basic	$	0.03
Diluted	$	0.03

Stock-based compensation expense was allocated to the operating segments for the portion related to employees whose compensation would be included in Cost of Goods Sold with the remainder recognized in Corporate/Other. There were no significant capitalized stock-based compensation costs. Total stock-based compensation expense was $9.4 million, $7.1 million, and $6.2 million for 2008, 2007, and 2006, respectively.

In 2006, a reclassification totaling $9.0 million from Other Liabilities to Additional Paid-In Capital was made related to previously recorded costs for deferred directors' compensation, the fair value of stock options assumed at the acquisition of Chase, restricted stock, and the portion of performance shares that are settled in our stock. In 2007, a reclassification totaling $3.5 million from Additional Paid-In Capital to Other Liabilities was made for deferred directors' compensation that could be settled in cash. These reclassifications conform to the accounting treatment for stock-based compensation in SFAS No. 123R.

Stock Plans

Under the stock option and long-term incentive plans, options may be granted to purchase shares of our common stock at an exercise price not less than fair market value at the date of grant, and are exercisable for a period not exceeding ten years from that date. Stock options, restricted stock and performance shares typically vest over three years. We issue shares to settle stock options, restricted stock, and share-based performance awards. At December 31, 2008, total shares reserved for issuance were 6.2 million shares with 2.3 million shares available for grant under the various long-term incentive plans. On April 27, 2006, the shareholders approved the 2006 Long Term Incentive Plan which authorized an additional 3.0 million shares available for grant. In 2008, long-term incentive awards included stock options, performance share awards, and restricted stock. The stock option exercise price was set at the fair market value of common stock on the date of the grant, and the options have a ten-year term.

In 2000, a one-time grant of Performance Accelerated Vesting Stock Options was granted with an exercise price of $18.97, which was the fair market value of our common stock on the date of grant. These options had a term of 120 months and would vest in 119 months, and could vest early, but only if the stock price increased to $28 per share or more for 10 days in any 30 day calendar period. During 2008, the criteria for early vesting was met; therefore, all of the outstanding Performance Accelerated Vesting Stock Options are vested. Performance Accelerated Vesting Stock Options of 295,000 shares were outstanding at December 31, 2008.

Stock option transactions were as follows:

	Shares	Option Price	Weighted Average Option Price	Exercisable Options	Exercisable Weighted Average Exercise Price
Outstanding at January 1, 2008	5,341,061	$ 6.25-33.86	$ 19.78	3,782,819	$ 20.15
Granted	523,350	20.29	20.29		
Exercised	(1,757,276)	6.98-23.78	18.13		
Canceled	(741,775)	8.03-33.86	27.21		
Outstanding at December 31, 2008	3,365,360	$ 6.25-23.78	$ 19.09	2,271,288	$ 19.11

At December 31, 2008, the average exercise period for all outstanding and exercisable options was 47 months and 46 months, respectively. At December 31, 2008, the aggregate intrinsic value (the difference between the exercise price and market value) for outstanding options was $1.4 million and exercisable options was $1.0 million. The total intrinsic value of options exercised during the years ended December 31, 2008 and 2007 was $15.9 million and $1.3 million, respectively.

The total unrecognized compensation cost related to unvested stock options at December 31, 2008 was $2.5 million and was expected to be recognized over a weighted average period of 1.1 years.

The following table provides certain information with respect to stock options exercisable at December 31, 2008:

Range of Exercise Prices	Options Exercisable	Weighted Average Exercise Price	Options Outstanding	Weighted Average Exercise Price
Under $18.00	540,288	$ 15.77	921,395	$ 16.08
$18.00 – $20.00	1,079,887	$ 18.84	1,079,887	$ 18.84
Over $20.00	651,113	$ 22.34	1,364,078	$ 21.32
	2,271,288		3,365,360	

At December 31, 2008, common shares reserved for issuance and available for grant or purchase under the following plans consisted of:

Stock Option Plans	Number of Shares: Reserved for Issuance	Number of Shares: Available for Grant or Purchase
2000 Long Term Incentive Plan	1,006,287	33,821
2003 Long Term Incentive Plan	1,164,423	203,507
2006 Long Term Incentive Plan	2,965,500	2,029,643
	5,136,210	2,266,971(1)
1991 Long Term Incentive Plan (plan expired)	236,725	—
1996 Stock Option Plan (plan expired)	762,971	—
Chase Benefit Plans (assumed in acquisition)	18,351	—
	1,018,047	—
Total under stock option plans	6,154,257	2,266,971

Stock Purchase Plans	Number of Shares: Reserved for Issuance	Number of Shares: Available for Grant or Purchase
1997 Stock Plan for Non-employee Directors	342,370	150,563
Employee Deferral Plan	47,171	45,817
Monarch Brass & Copper Corp. (Monarch) Deferral Plan	500,000	500,000
Total under stock purchase plans	889,541	696,380

(1) All available to be issued as stock options, but includes a sub-limit for all types of stock awards of 1,401,521 shares.

Under the stock purchase plans, our non-employee directors may defer certain elements of their compensation into shares of our common stock based on fair market value of the shares at the time of deferral. Non-employee directors annually receive stock grants as a portion of their director compensation. Of the shares reserved under the stock purchase plans at December 31, 2008, 193,154 shares were committed.

Performance share awards are denominated in shares of our stock and are paid half in cash and half in stock. Payouts are based on Olin's average annual return on capital over a three-year performance cycle in relation to the average annual return on capital over the same period among a portfolio of public companies which are selected in concert with outside compensation consultants. The expense associated with performance shares is recorded based on our estimate of our performance relative to the respective target. If an employee leaves the company before the end of the performance cycle, the performance shares may be prorated based on the number of months of the performance cycle worked and are settled in cash instead of half in cash and half in stock when the three-year performance cycle is completed. Performance share transactions were as follows:

	To Settle in Cash		***To Settle in Shares***	
	Shares	***Weighted Average Fair Value per Share***	***Shares***	***Weighted Average Fair Value per Share***
Outstanding at January 1, 2008	287,705	$ 19.49	210,450	$ 20.00
Granted	154,443	20.01	154,443	20.01
Paid/Issued	(98,638)	19.49	(59,828)	23.78
Converted from Shares to Cash	3,440	19.99	(3,440)	19.99
Outstanding at December 31, 2008	346,950	$ 17.63	301,625	$ 19.25
Total vested at December 31, 2008	236,122	$ 17.63	190,797	$ 19.25

The summary of the status of our unvested performance shares to be settled in cash were as follows:

	Shares	***Weighted Average Fair Value per Share***
Unvested at January 1, 2008	80,664	$ 19.49
Granted	154,443	20.01
Vested	(124,279)	19.46
Canceled	—	—
Unvested at December 31, 2008	110,828	$ 17.63

At December 31, 2008, the liability recorded for performance shares to be settled in cash totaled $4.2 million. The total unrecognized compensation cost related to unvested performance shares at December 31, 2008 was $4.1 million and was expected to be recognized over a weighted average period of 1.3 years.

SHAREHOLDERS' EQUITY

During 2008 and 2007, we issued 947,643 shares and 836,131 shares of common stock, respectively, with a total value of $18.1 million and $15.5 million, respectively, to the CEOP. These shares were issued to satisfy the investment in our common stock resulting from employee contributions, our matching contributions, retirement contributions and re-invested dividends.

There were no share repurchases in 2008, 2007, and 2006. Under programs previously approved by our board of directors, 154,076 shares remained to be repurchased as of December 31, 2008.

We have registered an undetermined amount of securities with the SEC, so that, from time-to-time, we may issue debt securities, preferred stock and/or common stock and associated warrants in the public market under that registration statement.

The following table represents the activity included in Accumulated Other Comprehensive Loss:

	Foreign Currency Translation Adjustment	*Net Unrealized on Derivative Contracts*	*Net Unrealized on Marketable Securities*	*Minimum Pension and Postretirement Liability Adjustments*	*Accumulated Other Comprehensive Loss*
			($ in millions)		
Balance January 1, 2006	$ (9.5)	$ 1.6	$ 0.9	$ (297.4)	$ (304.4)
Unrealized Gains (Losses)	1.2	6.0	—	(18.8)[(1)]	(11.6)
Reclassification Adjustments	—	(1.6)	(0.9)	—	(2.5)
Balance December 31, 2006	(8.3)	6.0	—	(316.2)	(318.5)
Unrealized Gains	2.7	1.0	—	165.2	168.9
Reclassification Adjustments	4.4	(6.0)	—	—	(1.6)
Balance December 31, 2007	(1.2)	1.0	—	(151.0)	(151.2)
Unrealized Losses	(3.9)	(25.0)	—	(88.3)	(117.2)
Reclassification Adjustments	—	(1.0)	—	—	(1.0)
Balance December 31, 2008	$ (5.1)	$ (25.0)	$ —	$ (239.3)	$ (269.4)

(1) In accordance with SFAS No. 87, we recorded an after-tax credit of $54.5 million to Other Comprehensive Loss. As a result of adopting SFAS No. 158, this was offset by after-tax charges of $39.7 million and $33.6 million for defined benefit pension and other postretirement plans, respectively.

As a result of the sale of the Metals business in 2007, we recognized an after-tax loss on previously unrecognized foreign currency translation adjustments and net unrecognized losses on derivative contracts of $4.4 million and $3.6 million, respectively, which were included in the loss on disposal of discontinued operations.

SEGMENT INFORMATION

We define segment income as income (loss) from continuing operations before interest expense, interest income, other (expense) income, and income taxes, and include the results of non-consolidated affiliates. Consistent with the guidance in SFAS No. 131, we have determined it is appropriate to include the operating results of non-consolidated affiliates in the relevant segment financial results. Our management considers SunBelt to be an integral component of the Chlor Alkali Products segment. It is engaged in the same business activity as the segment, including joint or overlapping marketing, management, and manufacturing functions.

	2008	2007	2006
		($ in millions)	
Sales:			
Chlor Alkali Products	$ 1,275.4	$ 845.1	$ 666.1
Winchester	489.1	431.7	373.6
Total sales	$ 1,764.5	$ 1,276.8	$ 1,039.7
Income from continuing operations before taxes:			
Chlor Alkali Products	$ 328.3	$ 237.3	$ 256.3
Winchester	32.6	26.4	15.8
Corporate/Other	(71.5)	(105.6)	(108.0)
Other Operating Income	1.2	1.9	6.7
Interest Expense	(13.3)	(22.1)	(20.3)
Interest Income	6.2	11.6	11.6
Other (Expense) Income	(26.0)	1.2	1.1
Income from continuing operations before taxes	$ 257.5	$ 150.7	$ 163.2
Earnings of non-consolidated affiliates:			
Chlor Alkali Products	$ 39.4	$ 46.0	$ 45.3
Depreciation and amortization expense:			
Chlor Alkali Products	$ 57.8	$ 37.1	$ 27.1
Winchester	9.8	9.2	9.3
Corporate/Other	2.0	1.7	1.4
Total depreciation and amortization expense	$ 69.6	$ 48.0	$ 37.8
Capital spending:			
Chlor Alkali Products	$ 166.2	$ 62.3	$ 51.8
Winchester	12.2	11.5	9.4
Corporate/Other	1.9	2.3	0.5
Total capital spending	$ 180.3	$ 76.1	$ 61.7
Assets:			
Chlor Alkali Products	$ 1,104.3	$ 1,074.3	
Winchester	259.4	194.5	
Corporate/Other	378.0	462.6	
Total assets	$ 1,741.7	$ 1,731.4	
Investments—affiliated companies (at equity):			
Chlor Alkali Products	$ 19.0	$ 7.2	

Segment assets include only those assets which are directly identifiable to an operating segment. All goodwill, which is associated with its acquisition, is included in the assets of the Chlor Alkali Products segment. Assets of the Corporate/Other segment include primarily such items as cash and cash equivalents, short-term investments, deferred taxes and other assets.

Geographic Data:	***2008***	***2007***	***2006***
		($ in millions)	
Sales:			
United States	$ 1,573.4	$ 1,193.8	$ 1,008.3
Foreign	191.1	83.0	31.4
Transfers between areas:			
United States	23.4	16.7	15.3
Foreign	129.7	42.9	0.7
Eliminations	(153.1)	(59.6)	(16.0)
Total sales	$ 1,764.5	$ 1,276.8	$ 1,039.7
Assets:			
United States	$ 1,482.1	$ 1,444.0	
Foreign	259.6	287.4	
Total assets	$ 1,741.7	$ 1,731.4	

The acquisition of Pioneer contributed sales in the United States and foreign areas in 2007 of $136.8 million and $46.8 million, respectively. Also, Pioneer increased United States and foreign assets at December 31, 2007 by $539.4 million and $239.6 million, respectively. Transfers between geographic areas are priced generally at prevailing market prices. Export sales from the United States to unaffiliated customers were $47.3 million, $32.7 million, and $33.5 million in 2008, 2007 and 2006, respectively.

RESTRUCTURING CHARGES

On February 1, 2006, we announced that, in connection with the ongoing cost reduction efforts of the Metals business, we decided to close our Waterbury, CT facility and consolidate those production activities into our East Alton, IL mill. In addition, on March 14, 2006, we decided to reduce the utilization of one of the Metals service center facilities by consolidating certain activities into another service center facility, and make overhead reductions in the Metals business affecting approximately 20 employees. We based our decision on our evaluation of the size, location, and capability of the facilities and staffing in light of anticipated business needs. We substantially completed these activities by September 30, 2006. As a result of these cost reduction efforts, we recorded a pretax restructuring charge of $15.7 million in the first quarter of 2006, which was included in income from discontinued operations. In the fourth quarter of 2006 and the second quarter of 2007, primarily as a result of realizing more proceeds from equipment sales than expected, we reduced our previously established restructuring reserve related to the Waterbury, CT facility by $1.6 million and $1.5 million, respectively, which were included in income from discontinued operations. The net restructuring charge of $12.6 million primarily included lease and other contract termination costs ($6.9 million), write-off of equipment and facility costs ($2.9 million), and employee severance and related benefit costs ($2.8 million). We incurred cash expenditures of $8.7 million related to this restructuring charge, all of which has been paid as of December 31, 2008. The impact of this restructuring charge was substantially offset by a LIFO inventory liquidation gain of $13.5 million realized in 2006 related to the closure of our Waterbury, CT facility. This action was included in income from discontinued operations. Under the terms of the Metals sale agreement, we retained the liability associated with this restructuring and the ownership of the related facility and equipment.

On November 27, 2006, we announced that, in connection with the ongoing cost reduction efforts of the Metals business, we decided to close our Seymour, CT facility and consolidate some of those production activities into other Olin locations. We substantially completed the closing of the Seymour, CT facility during the first quarter of 2007. We based our decision on our evaluation of the size, location, and capability of the facilities and staffing in light of anticipated business needs. We recorded a one-time pretax restructuring charge of $3.5 million in 2006, which was included in income from discontinued operations. This restructuring charge included write-off of equipment and facility costs ($2.4 million), employee severance and related benefit costs ($0.9 million), and contract termination costs ($0.2 million). We incurred cash expenditures of $1.3 million related to this restructuring, all of which has been paid as of December 31, 2008. The impact of this restructuring charge was more than offset by a LIFO inventory liquidation gain of $10.4 million realized in 2006 related to the closure of our Seymour, CT facility. This action was included in income from discontinued operations. Under the terms of the Metals sale agreement, we retained the liability associated with this restructuring and the ownership of the related facility and equipment.

ENVIRONMENTAL

In the United States, the establishment and implementation of federal, state and local standards to regulate air, water and land quality affect substantially all of our manufacturing locations. Federal legislation providing for regulation of the manufacture, transportation, use and disposal of hazardous and toxic substances, and remediation of contaminated sites, has imposed additional regulatory requirements on industry, particularly the chemicals industry. In addition, implementation of environmental laws, such as the Resource Conservation and Recovery Act and the Clean Air Act, has required and will continue to require new capital expenditures and will increase plant operating costs. Our Canadian facility is governed by federal environmental laws administered by Environment Canada and by provincial environmental laws enforced by administrative agencies. Many of these laws are comparable to the U.S. laws described above. We employ waste minimization and pollution prevention programs at our manufacturing sites.

We are party to various governmental and private environmental actions associated with past manufacturing facilities and former waste disposal sites. Associated costs of investigatory and remedial activities are provided for in accordance with generally accepted accounting principles governing probability and the ability to reasonably estimate future costs. Our ability to estimate future costs depends on whether our investigatory and remedial activities are in preliminary or advanced stages. With respect to unasserted claims, we accrue liabilities for costs that, in our experience, we may incur to protect our interests against those unasserted claims. Our accrued liabilities for unasserted claims amounted to $3.2 million at December 31, 2008. With respect to asserted claims, we accrue liabilities based on remedial investigation, feasibility study, remedial action and OM&M expenses that, in our experience, we may incur in connection with the asserted claims. Required site OM&M expenses are estimated and accrued in their entirety for required periods not exceeding 30 years, which reasonably approximates the typical duration of long-term site OM&M.

Our liabilities for future environmental expenditures were as follows:

	2008	2007
	($ in millions)	
Beginning Balance	$ 155.6	$ 90.8
Charges to income	27.7	37.9
Remedial and investigatory spending	(23.7)	(29.4)
Pioneer acquired liabilities	2.1	55.4
Currency translation adjustments	(2.8)	0.9
Ending Balance	$ 158.9	$ 155.6

At December 31, 2008 and 2007, our Consolidated Balance Sheets included environmental liabilities of $123.9 million and $120.6 million, respectively, which were classified as other noncurrent liabilities. As part of the acquisition of Pioneer, we assumed $57.5 million of environmental liabilities associated with their current and past manufacturing operations and former waste disposal sites. Our environmental liability amounts did not take into account any discounting of future expenditures or any consideration of insurance recoveries or advances in technology. These liabilities are reassessed periodically to determine if environmental circumstances have changed and/or remediation efforts and our estimate of related costs have changed. As a result of these reassessments, future charges to income may be made for additional liabilities. Of the $158.9 million included on our consolidated balance sheet at December 31, 2008 for future environmental expenditures, we currently expect to utilize $88.4 million of the reserve for future environmental expenditures over the next 5 years, $20.0 million for expenditures 6 to 10 years in the future, and $50.5 million for expenditures beyond 10 years in the future.

In conjunction with the acquisition of Pioneer, we assumed their environmental liabilities, which were attributable to nine sites. Our total estimated environmental liability at December 31, 2008, including the Pioneer sites, was attributable to 79 sites, 18 of which were USEPA NPL sites. Nine sites accounted for 75% of such liability and, of the remaining 70 sites, no one site accounted for more than 2% of our environmental liability. At one of these nine sites a remedial action plan is being implemented. At five of the nine sites, part of the site is subject to a remedial investigation and another part is in the long-term OM&M stage. At one of these nine sites, part of the site is subject to a remedial investigation, part to a remedial action plan, and another part is in the long-term OM&M stage. At one site, part of the site is subject to a remedial action plan and part of the site to long-term OM&M. The one remaining site is in long-term OM&M. All nine sites are either associated with past manufacturing operations or former waste disposal sites. None of the nine largest sites represents more than 20% of the liabilities reserved on our consolidated balance sheet at December 31, 2008 for future environmental expenditures.

Charges or credits to income for investigatory and remedial efforts were material to operating results in 2008, 2007, and 2006 and may be material to net income in future years.

Environmental provisions charged to income were as follows:

	2008	2007	2006
		($ in millions)	
Charges to income	$ 27.7	$ 37.9	$ 23.8
Recoveries from third parties of costs incurred and expensed in prior periods	—	—	(1.2)
Total provision	$ 27.7	$ 37.9	$ 22.6

These charges relate primarily to remedial and investigatory activities associated with past manufacturing operations and former waste disposal sites.

Annual environmental-related cash outlays for site investigation and remediation are expected to range between approximately $20 million to $40 million over the next several years, which are expected to be charged against reserves recorded on our balance sheet. While we do not anticipate a material increase in the projected annual level of our environmental-related cash outlays, there is always the possibility that such an increase may occur in the future in view of the uncertainties associated with environmental exposures. Environmental exposures are difficult to assess for numerous reasons, including the identification of new sites, developments at sites resulting from investigatory studies, advances in technology, changes in environmental laws and regulations and their application, changes in regulatory authorities, the scarcity of reliable data pertaining to identified sites, the difficulty in assessing the involvement and financial capability of other PRPs and our ability to obtain contributions from other parties and the lengthy time periods over which site remediation occurs. It is possible that some of these matters (the outcomes of which are subject to various uncertainties) may be resolved unfavorably to us, which could materially adversely affect our financial position or results of operations. At December 31, 2008, we estimate we may have additional contingent environmental liabilities of $50 million in addition to the amounts for which we have already recorded as a reserve.

COMMITMENTS AND CONTINGENCIES

We lease certain properties, such as railroad cars; distribution, warehousing and office space; and data processing and office equipment. Virtually none of our lease agreements contain escalation clauses or step rent provisions. Total rent expense charged to operations amounted to $46.2 million, $33.3 million, and $25.1 million in 2008, 2007, and 2006, respectively (sublease income is not significant). Future minimum rent payments under operating leases having initial or remaining non-cancelable lease terms in excess of one year at December 31, 2008 are as follows: $32.4 million in 2009, $29.5 million in 2010, $25.7 million in 2011, $21.6 million in 2012, $18.2 million in 2013, and a total of $54.8 million thereafter.

On December 31, 1997, we entered into a long-term, sulfur dioxide supply agreement with Alliance, formerly known as RFC SO2, Inc. Alliance has the obligation to deliver annually 36,000 tons of sulfur dioxide. Alliance owns the sulfur dioxide plant, which is located at our Charleston, TN facility and is operated by us. The price for the sulfur dioxide is fixed over the life of the contract, and under the terms of the contract, we are obligated to make a monthly payment of $0.2 million regardless of the sulfur dioxide purchased. Commitments related to this agreement are $2.4 million per year for 2009 through 2011 and $0.6 million in 2012. This supply agreement expires in 2012.

We, and our subsidiaries, are defendants in various legal actions (including proceedings based on alleged exposures to asbestos) incidental to our past and current business activities. While we believe that none of these legal actions will materially adversely affect our financial position, in light of the inherent uncertainties of litigation, we cannot at this time determine whether the financial impact, if any, of these matters will be material to our results of operations.

During the ordinary course of our business, contingencies arise resulting from an existing condition, situation, or set of circumstances involving an uncertainty as to the realization of a possible gain contingency. In certain instances such as environmental projects, we are responsible for managing the cleanup and remediation of an environmental site. There exists the possibility of recovering a portion of these costs from other parties. We account for gain contingencies in accordance with the provisions of SFAS No. 5, and therefore do not record gain contingencies and recognize income until it is earned and realizable.

FAIR VALUE MEASUREMENTS

Fair value is defined as the price at which an asset could be exchanged in a current transaction between knowledgeable, willing parties or the amount that would be paid to transfer a liability to a new obligor, not the amount that would be paid to settle the liability with the creditor. Where available, fair value is based on observable market prices or parameters or derived from such prices or parameters. Where observable prices or inputs are not available, valuation models are applied. These valuation techniques involve some level of management estimation and judgment, the degree of which is dependent on the price transparency for the instruments or market and the instruments' complexity.

Assets and liabilities recorded at fair value in the consolidated balance sheets are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels, defined by SFAS No. 157 and directly related to the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities, are as follows:

Level 1 — Inputs were unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 — Inputs (other than quoted prices included in Level 1) were either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the instrument's anticipated life.

Level 3 — Inputs reflected management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration was given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

Determining which hierarchical level an asset or liability falls within requires significant judgment. The following table summarizes the financial instruments measured at fair value in the Consolidated Balance Sheet as of December 31, 2008:

	Fair Value Measurements			
	Level 1	***Level 2***	***Level 3***	***Total***
	($ in millions)			
Assets				
Short-term investments	$ —	$ —	$ —	$ —
Interest rate swaps	—	11.3	—	11.3
Liabilities				
Interest rate swaps	$ —	$ 11.3	$ —	$ 11.3
Commodity forward contracts	19.5	21.4	—	40.9

Short-term investments

We classified our marketable securities as available-for-sale which were reported at fair market value. Unrealized gains and losses, to the extent such losses are considered temporary in nature, are included in Accumulated Other Comprehensive Loss, net of applicable taxes. At such time as the decline in fair market value and the related unrealized loss is determined to be a result of impairment of the underlying instrument, the loss is recorded as a charge to earnings. Fair values for marketable securities are based upon prices and other relevant information observable in market transactions involving identical or comparable assets or liabilities or prices obtained from independent third-party pricing services. The third-party pricing services employ various models that take into consideration such market-based factors as recent sales, risk-free yield curves, prices of similarly rated bonds, and direct discussions with dealers familiar with these types of securities.

As of June 30, 2008, we held corporate debt securities totaling $26.6 million of par value with a fair value of $20.5 million. In the second quarter of 2008, a temporary unrealized after-tax loss of $3.7 million ($6.1 million pretax) was recorded in Accumulated Other Comprehensive Loss. As of June 30, 2008, we concluded no other-than-temporary impairment losses had occurred. The AA-rated issuer of these debt securities had funded all redemptions at par and maintained short-term A1/P2 credit ratings. We entered into this structured investment vehicle in March 2006 as part of an approved cash management portfolio. Given our liquidity and capital structure, we had the ability to hold these debt securities until maturity on April 1, 2009.

Through September 30, 2008, the issuer of these debt securities had continued to fund all redemptions at par but was downgraded to short-term A3/P2 credit ratings. On October 1, 2008, the issuer of these debt securities announced it would cease trading and appoint a receiver as a result of financial market turmoil. The decline in the market value of the assets supporting these debt securities negatively impacted the liquidity of the issuer. On October 1, subsequent to the issuer’s announcement, the Moody’s rating for these debt securities was downgraded from A3 to Ca.

During the third quarter of 2008, we determined that these debt securities had no fair market value due to the actions taken by the issuer, turmoil in the financial markets, the lack of liquidity of the issuer, and the lack of trading in these debt securities. These factors led management to believe the recovery of the asset value, if any, was highly unlikely.

Because of the unlikelihood that these debt securities will recover in value, we recorded an after-tax impairment loss of $26.6 million in Other (Expense) Income in the third quarter of 2008. We are currently unable to utilize the capital loss resulting from the impairment of these corporate debt securities; therefore, no tax benefit was recognized in 2008 for the impairment loss.

Interest rate swaps

The fair value of the interest rate swaps was included in Other Assets and Long-Term Debt as of December 31, 2008. These financial instruments were valued using the “income approach” valuation technique. This method used valuation techniques to convert future amounts to a single present amount. The measurement was based on the value indicated by current market expectations about those future amounts. We use interest rate swaps as a means of managing interest rates on our outstanding fixed-rate debt obligations.

Commodity forward contracts

The fair value of the commodity forward contracts was classified in Accrued Liabilities as of December 31, 2008, with unrealized gains and losses included in Accumulated Other Comprehensive Loss, net of applicable taxes. These financial instruments were valued primarily based on prices and other relevant information observable in market transactions involving identical or comparable assets or liabilities including both forward and spot prices for commodities. We use commodity forward contracts for certain raw materials and energy costs such as copper, zinc, lead, and natural gas to provide a measure of stability in managing our exposure to price fluctuations.

OTHER FINANCIAL DATA

Quarterly Data (Unaudited)

($ in millions, except per share data)

2008	***First Quarter***	***Second Quarter***	***Third Quarter***	***Fourth Quarter***	***Year***
Sales	$ 399.1	$ 428.3	$ 502.9	$ 434.2	$ 1,764.5
Cost of goods sold	314.0	347.2	380.0	336.0	1,377.2
Net income	37.3	35.5	37.7	47.2	157.7
Net income per common share:					
Basic	0.50	0.47	0.49	0.61	2.08
Diluted	0.50	0.47	0.49	0.61	2.07
Common dividends per share	0.20	0.20	0.20	0.20	0.80
Market price of common stock (1)					
High	21.93	27.95	30.39	19.39	30.39
Low	15.01	19.65	18.52	12.52	12.52
2007					
Sales	$ 255.5	$ 266.2	$ 350.3	$ 404.8	$ 1,276.8
Cost of goods sold	206.4	211.9	281.8	335.4	1,035.5
Income from continuing operations	16.6	21.9	32.7	29.6	100.8
Discontinued operations:					
Income (loss) from discontinued operations, net	6.5	13.7	9.5	(0.7)	29.0
Loss on disposal of discontinued operations, net	—	—	(125.4)	(13.6)	(139.0)
Net income (loss)	23.1	35.6	(83.2)	15.3	(9.2)
Basic income (loss) per common share:					
Income from continuing operations	0.22	0.29	0.44	0.40	1.36
Income (loss) from discontinued operations, net	0.09	0.19	0.13	(0.01)	0.39
Loss on disposal of discontinued operations, net	—	—	(1.69)	(0.18)	(1.87)
Net income (loss)	0.31	0.48	(1.12)	0.21	(0.12)
Diluted income (loss) per common share:					
Income from continuing operations	0.22	0.29	0.44	0.40	1.36
Income (loss) from discontinued operations, net	0.09	0.19	0.12	(0.01)	0.39
Loss on disposal of discontinued operations, net	—	—	(1.68)	(0.19)	(1.87)
Net income (loss)	0.31	0.48	(1.12)	0.20	(0.12)
Common dividends per share	0.20	0.20	0.20	0.20	0.80
Market price of common stock [1]					
High	18.33	21.20	22.99	24.53	24.53
Low	15.97	16.45	17.45	18.51	15.97

(1) New York Stock Exchange composite transactions.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

Item 9A. CONTROLS AND PROCEDURES

Our chief executive officer and our chief financial officer evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2008. Based on that evaluation, our chief executive officer and chief financial officer have concluded that, as of such date, our disclosure controls and procedures were effective to ensure that information Olin is required to disclose in the reports that it files or submits with the SEC under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms, and to ensure that information required to be disclosed in such reports is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

There have been no changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2008 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. OTHER INFORMATION

Not applicable.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

We incorporate the biographical information relating to our Directors under the heading "Item 1- Proposal for the Election of Directors" in our Proxy Statement relating to our 2009 Annual Meeting of Shareholders (the "Proxy Statement") by reference in this Report. See also the list of executive officers following Item 4 in Part I of this Report. We incorporate the information regarding compliance with Section 16 of the Securities Exchange Act of 1934, as amended, contained in the paragraph entitled "Section 16(a) Beneficial Ownership Reporting Compliance" under the heading "Security Ownership of Directors and Officers" in our Proxy Statement by reference in this Report.

The information with respect to our audit committee, including the audit committee financial expert, is incorporated by reference in this Report to the information contained in the paragraph entitled "What are the committees of the Board?" under the heading "Corporate Governance Matters" in our Proxy Statement. We incorporate by reference in this Report information regarding procedures for shareholders to nominate a director for election, in the Proxy Statement under the headings "Miscellaneous-How can I directly nominate a Director for election to the Board at the 2010 Annual Meeting?" and "Corporate Governance Matters-What is Olin's Director Nomination Process?"

We have adopted a code of business conduct and ethics for directors, officers and employees, known as the Code of Conduct. The Code is available in the About Olin, Ethics section of our website at www.olin.com.

Item 11. EXECUTIVE COMPENSATION

The information in the Proxy Statement under the heading "Compensation Committee Interlocks and Insider Participation," on page 16 and the information on pages 21 through 52, (beginning with the information under the heading "Compensation Discussion and Analysis" through the information under the heading "Compensation Committee Report,") are incorporated by reference in this Report.

We incorporate the information concerning holdings of our common stock by certain beneficial owners contained under the heading "Certain Beneficial Owners" in our Proxy Statement and the information concerning beneficial ownership of our common stock by our directors and officers under the heading "Security Ownership of Directors and Officers" in our Proxy Statement by reference in this Report.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

We incorporate the information concerning securities authorized for issuance under equity compensation plans under the heading "Equity Compensation Plan Information" in our Proxy Statement, the information concerning holdings of our common stock by certain beneficial owners contained under the heading "Certain Beneficial Owners" in our Proxy Statement, and the information concerning beneficial ownership of our common stock by our directors and officers under the heading "Security Ownership of Directors and Officers" in our Proxy Statement by reference in this Report.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

We incorporate the information under the headings "Review, Approval, or Ratification of Transactions with Related Persons" and "Which Board members are independent?" in our Proxy Statement by reference in this Report.

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

We incorporate the information concerning the accounting fees and services of our independent registered public accounting firm, KPMG LLP under the heading "Item 3—Proposal to Ratify Appointment of Independent Registered Public Accounting Firm" in our Proxy Statement by reference in this Report.

PART IV

Item 15. EXHIBITS; CONSOLIDATED FINANCIAL STATEMENT SCHEDULES

(a) 1. **Consolidated Financial Statements**

Consolidated financial statements of the registrant are included in Item 8 above.

2. **Financial Statement Schedules**

Schedules containing separate financial statements of SunBelt Chlor Alkali Partnership are set forth beginning on page S-1 immediately following the signature page in the copy of this annual report filed with the SEC. Separate consolidated financial statements of our other 50% or less owned subsidiaries accounted for by the equity method are not summarized herein and have been omitted because, in the aggregate, they would not constitute a significant subsidiary.

Schedules not included herein are omitted because they are inapplicable or not required or because the required information is given in the consolidated financial statements and notes thereto.

3. **Exhibits**

Management contracts and compensatory plans and arrangements are listed as Exhibits 10(a) through 10(ee) below.

3 (a) Olin's Restated Articles of Incorporation as amended effective May 8, 1997—Exhibit 3(a) to Olin's Form 10-Q for the quarter ended June 30, 2003.*
(b) By-laws of Olin as amended effective February 19, 2009—Exhibit 3(b) to Olin's Form 8-K dated December 15, 2008.*

4 (a) Form of Senior Debt Indenture between Olin and Chemical Bank—Exhibit 4(a) to Form 8-K dated June 15, 1992; Supplemental Indenture dated as of March 18, 1994 between Olin and Chemical Bank—Exhibit 4(c) to Registration Statement No. 33-52771 and Second Supplemental Indenture dated as of December 11, 2001 between Olin and JPMorgan Chase Bank, formerly known as Chemical Bank—Exhibit 4 to Form 8-K dated December 20, 2001.*
(b) 9.125% Senior Note Due 2011—Exhibit 4(f) to Olin's Form 10-K for 2001.*
(c) Indenture between Olin and JPMorgan Chase Bank, N.A. dated as of June 26, 2006—Exhibit 4.1 to Olin's Form 8-K dated June 26, 2006.*
(d) Form T-1 Statement of Eligibility for Trustee under Indenture—Exhibit 25.1 to Olin's Amendment No. 2 to Registration Statement No. 333-138283 filed on January 9, 2007.*
(e) 6.75% Senior Note Due 2016—Exhibit 4.1 to Olin's Form 8-K dated July 28, 2006.*
(f) First Supplemental Indenture between Olin and JPMorgan Chase Bank, N.A. dated July 28, 2006—Exhibit 4.2 to Olin's Form 8-K dated July 28, 2006.*
(g) Registration Rights Agreement among Olin, Banc of America Securities LLC, Citigroup Global Markets Inc. and Wachovia Capital Markets, LLC dated July 28, 2006—Exhibit 4.3 to Olin's Form 8-K dated July 28, 2006.*

We are party to a number of other instruments defining the rights of holders of long-term debt. No such instrument authorizes an amount of securities in excess of 10% of the total assets of Olin and its subsidiaries on a consolidated basis. Olin agrees to furnish a copy of each instrument to the Commission upon request.

10 (a) Employee Deferral Plan as amended and restated effective as of January 30, 2003 and as amended effective January 1, 2005—Exhibit 10(b) to Olin's Form 10-K for 2002 and Exhibit 10(b)(1) to Olin's Form 10-K for 2005, respectively.*
(b) Olin Senior Executive Pension Plan amended and restated effective October 24, 2008—Exhibit 10.1 to Olin's Form 10-Q for the quarter ended September 30, 2008.*
(c) Olin Supplemental Contributing Employee Ownership Plan as amended and restated effective October 24, 2008—Exhibit 10.3 to Olin's Form 10-Q for the quarter ended September 30, 2008.*
(d) Olin Corporation Key Executive Life Insurance Program—Exhibit 10(e) to Olin's Form 10-K for 2002.*
(e) Form of executive agreement between Olin and certain executive officers-Exhibit 99.1 to Olin's Form 8-K dated January 26, 2005.*

(f) Form of executive change-in-control agreement between Olin and certain executive officers-Exhibit 99.2 to Olin's Form 8-K dated January 26, 2005.*
(g) Form of amendment to executive agreement between Olin and Messrs. Curley, Fischer, Hammett and McGough dated November 9, 2007—Exhibit 10(g) to Olin's Form 10-K for 2007.*
(h) Form of amendment to executive change-in-control agreement between Olin and Messrs. Curley, Fischer, Hammett and McGough dated November 9, 2007—Exhibit 10(h) to Olin's Form 10-K for 2007.*
(i) Form of amendment to executive agreement between Olin and G. Bruce Greer, Jr. dated November 9, 2007—Exhibit 10(i) to Olin's Form 10-K for 2007.*
(j) Form of amendment to executive change-in-control agreement between Olin and G. Bruce Greer, Jr. dated November 9, 2007—Exhibit 10(j) to Olin's Form 10-K for 2007.*
(k) Form of executive agreement between Olin and Messrs. Rupp, McIntosh and Pain dated November 1, 2007-Exhibit 10.1 to Olin's Form 10-Q for the quarter ended September 30, 2007.*
(l) Form of executive change-in-control agreement between Olin and Messrs. Rupp, McIntosh and Pain dated November 1, 2007-Exhibit 10.2 to Olin's Form 10-Q for the quarter ended September 30, 2007.*
(m) Olin 1991 Long Term Incentive Plan, as amended through January 30, 2003—Exhibit 10(g) to Olin's Form 10-K for 2002.*
(n) Amended and Restated 1997 Stock Plan for Non-Employee Directors as amended effective December 11, 2008.
(o) Olin Senior Management Incentive Compensation Plan, as amended and restated effective October 24, 2008—Exhibit 10.4 to Olin's Form 10-Q for the quarter ended September 30, 2008.*
(p) Description of Restricted Stock Unit Awards granted under the 2000, 2003 or 2006 Long Term Incentive Plans.
(q) 1996 Stock Option Plan for Key Employees of Olin Corporation and Subsidiaries as amended as of January 30, 2003—Exhibit 10(l) to Olin's Form 10-K for 2002.*
(r) Olin Supplementary and Deferral Benefit Pension Plan as amended and restated effective October 24, 2008—Exhibit 10.2 to Olin's Form 10-Q for the quarter ended September 30, 2008.*
(s) Olin Corporation 2000 Long Term Incentive Plan as amended and restated effective October 22, 2008—Exhibit 10.6 to Olin's Form 10-Q for the quarter ended September 30, 2008.*
(t) Olin Corporation 2003 Long Term Incentive Plan as amended and restated effective October 22, 2008—Exhibit 10.7 to Olin's Form 10-Q for the quarter ended September 30, 2008.*
(u) Olin Corporation 2006 Long Term Incentive Plan as amended and restated effective October 22, 2008—Exhibit 10.8 to Olin's Form 10-Q for the quarter ended September 30, 2008.*
(v) 2005 Performance Share Program—Exhibit 10(t) to Olin's Form 10-K for 2004.*
(w) 2006 Performance Share Program as amended and restated effective October 22, 2008—Exhibit 10.9 to Olin's Form 10-Q for the quarter ended September 30, 2008.*
(x) Performance Share Program as amended and restated effective October 22, 2008—Exhibit 10.10 to Olin's Form 10-Q for the quarter ended September 30, 2008.*
(y) Chase Industries Inc. 1994 Long-Term Incentive Plan, as amended as of May 14, 1997 and First Amendment effective as of November 19, 1999—Exhibit 10.5 to Chase Industries Inc. Form 10-K for 1998 and Exhibit 10.7 to Chase Industries Inc. Form 10-K for 1999, respectively—SEC file No. 1-13394.*
(z) Chase Industries Inc. 1997 Non-Employee Director Stock Option Plan, as amended May 26, 1998 and First Amendment effective as of November 19, 1999—Exhibit 10.6 to Chase Industries Inc. Form 10-K for 1998 and Exhibit 10.9 to Chase Industries Inc. Form 10-K for 1999, respectively—SEC file No. 1-13394.*
(aa) Form of Non-Qualified Stock Option Award Certificate—Exhibit 10(bb) to Olin's Form 10-K for 2007.*
(bb) Form of Restricted Stock Unit Award Certificate—Exhibit 10(cc) to Form 10-K for 2007.*
(cc) Form of Performance Award and Senior Performance Award Certificates—Exhibit 10(dd) to Olin's Form 10-K for 2007.*
(dd) Summary of Stock Option Continuation Policy—Exhibit 10(bb) to Olin's Form 10-K for 2005.*
(ee) Olin Corporation Contributing Employee Ownership Plan effective as of December 31, 2003 and as amended by amendments adopted on June 30, 2004, January 1, 2005, January 1, 2006, July 1, 2006, December 31, 2006, September 1, 2007, November 13, 2007, December 31, 2007, June 1, 2008, January 1, 2008 and December 19, 2008.
(ff) Distribution Agreement between Olin Corporation and Arch Chemicals, Inc., dated as of February 1, 1999—Exhibit 2.1 to Olin's Form 8-K filed February 23, 1999.*
(gg) Partnership Agreement between Olin SunBelt, Inc. and 1997 Chloralkali Venture Inc. dated August 23, 1996—Exhibit 99.1 to Olin's Form 8-K dated December 3, 2001.*
(hh) Amendment to Partnership Agreement between Olin SunBelt, Inc. and 1997 Chloralkali Venture Inc. dated December 23, 1997—Exhibit 99.2 to Olin's Form 8-K dated December 3, 2001.*
(ii) Amendment to Partnership Agreement between Olin SunBelt, Inc. and 1997 Chloralkali Venture Inc. dated December 23, 1997—Exhibit 99.3 to Olin's Form 8-K dated December 3, 2001.*
(jj) Amendment to Partnership Agreement between Olin SunBelt, Inc. and 1997 Chloralkali Venture Inc. dated April 30, 1998—Exhibit 99.4 to Olin's Form 8-K dated December 3, 2001.*
(kk) Amendment to Partnership Agreement between Olin SunBelt, Inc. and 1997 Chloralkali Venture Inc. dated January 1, 2003—Exhibit 10(aa) to Olin's Form 10-K for 2002.*

(ll) Note Purchase Agreement dated December 22, 1997 between the SunBelt Chlor Alkali Partnership and the Purchasers named therein—Exhibit 99.5 to Olin's Form 8-K dated December 3, 2001.*

(mm) Guarantee Agreement dated December 22, 1997 between Olin and the Purchasers named therein—Exhibit 99.6 to Olin's Form 8-K dated December 3, 2001.*

(nn) Subordination Agreement dated December 22, 1997 between Olin and the Subordinated Parties named therein—Exhibit 99.7 to Olin's Form 8-K dated December 3, 2001.*

(oo) Agreement and Plan of Merger dated as of May 20, 2007, among Olin Corporation, Princeton Merger Corp., and Pioneer Companies, Inc.-Exhibit 2.1 to Olin's Form 8-K dated May 21, 2007.*

(pp) Purchase Agreement dated as of October 15, 2007, among Global Brass and Copper Acquisition Co. and Olin Corporation-Exhibit 2.1 to Olin's Form 8-K dated October 15, 2007.*

(qq) Credit Agreement dated as of October 29, 2007 among Olin and the banks named therein—Exhibit 10.1 to Olin's Form 8-K dated October 29, 2007.*

(rr) Purchase and Contribution Agreement dated as of July 25, 2007, among A.J. Oster Co., A.J. Oster Foils, Inc., A.J. Oster West, Inc., Bryan Metals, Inc., Chase Brass & Copper Company, Inc., and Olin Corporation, as sellers, Olin Funding Company LLC, as purchaser, and Olin Corporation, as collection agent—Exhibit 10.1 to Olin's Form 8-K dated July 27, 2007.*

(ss) First Amendment, dated as of August 28, 2007, to the Purchase and Contribution Agreement dated as of July 25, 2007 (as amended from time to time), among A.J. Oster Co., A.J. Oster Foils, Inc., A.J. Oster West, Inc., Bryan Metals, Inc., Chase Brass & Copper Company, Inc., and Olin Corporation, as sellers, Olin Funding Company LLC, as purchaser, and Olin Corporation, as collection agent—Exhibit 10.11 to Olin's Form 10-Q for the quarter ended September 30, 2008.*

(tt) Second Amendment, dated as of November 15, 2007, to the Purchase and Contribution Agreement dated as of July 25, 2007 (as amended from time to time), among A.J. Oster Co., A.J. Oster Foils, Inc., A.J. Oster West, Inc., Bryan Metals, Inc., Chase Brass & Copper Company, Inc., and Olin Corporation, as sellers, Olin Funding Company LLC, as purchaser, and Olin Corporation, as collection agent—Exhibit 10.12 to Olin's Form 10-Q for the quarter ended September 30, 2008.*

(uu) Third Amendment, dated as of September 30, 2008, to the Purchase and Contribution Agreement dated as of July 25, 2007 (as amended from time to time), among A.J. Oster Co., A.J. Oster Foils, Inc., A.J. Oster West, Inc., Bryan Metals, Inc., Chase Brass & Copper Company, Inc., and Olin Corporation, as sellers, Olin Funding Company LLC, as purchaser, and Olin Corporation, as collection agent—Exhibit 10.13 to Olin's Form 10-Q for the quarter ended September 30, 2008.*

(vv) Receivables Purchase Agreement dated as of July 25, 2007, among Olin Funding Company LLC, as seller, CAFCO, LLC and Variable Funding Capital Company LLC, as investors, Citibank, N.A. and Wachovia Bank, National Association, ("Wachovia Bank") as banks, Citicorp North America, Inc. ("CNAI") as program agent, (CNAI and Wachovia Bank, as investor agents, and Olin Corporation, as collection agent—Exhibit 10.2 to Olin's Form 8-K dated July 27, 2007.*

(ww) First Amendment, dated as of August 28, 2007, to the Receivables Purchase Agreement dated as of July 25, 2007 (as amended from time to time), among Olin Funding Company LLC, as seller, CAFCO, LLC and Variable Funding Capital Company LLC, as investors, Citibank, N.A. and Wachovia Bank, National Association, ("Wachovia Bank") as banks, Citicorp North America, Inc. ("CNAI") as program agent, CNAI and Wachovia Bank, as investor agents, and Olin Corporation, as collection agent—Exhibit 10.14 to Olin's Form 10-Q for the quarter ended September 30, 2008.*

(xx) Second Amendment, dated as of November 15, 2007, to the Receivables Purchase Agreement dated as of July 25, 2007 (as amended from time to time), among Olin Funding Company LLC, as seller, CAFCO, LLC and Variable Funding Capital Company LLC, as investors, Citibank, N.A. and Wachovia Bank, National Association, ("Wachovia Bank") as banks, Citicorp North America, Inc. ("CNAI") as program agent, CNAI and Wachovia Bank, as investor agents, and Olin Corporation, as collection agent—Exhibit 10.15 to Olin's Form 10-Q for the quarter ended September 30, 2008.*

(yy) Third Amendment, dated as of July 23, 2008, to the Receivables Purchase Agreement dated as of July 25, 2007 (as amended from time to time), among Olin Funding Company LLC, as seller, CAFCO, LLC and Variable Funding Capital Company LLC, as investors, Citibank, N.A. and Wachovia Bank, National Association, ("Wachovia Bank") as banks, Citicorp North America, Inc. ("CNAI") as program agent, CNAI and Wachovia Bank, as investor agents, and Olin Corporation, as collection agent—Exhibit 10.16 to Olin's Form 10-Q for the quarter ended September 30, 2008.*

(zz) Fourth Amendment, dated as of September 30, 2008, to the Receivables Purchase Agreement dated as of July 25, 2007 (as amended from time to time), among Olin Funding Company LLC, as seller, CAFCO, LLC, as an investor, Citibank, N.A. as a bank, Citicorp North America, Inc. ("CNAI") as program agent, CNAI as an investor agent, and Olin Corporation, as collection agent—Exhibit 10.17 to Olin's Form 10-Q for the quarter ended September 30, 2008.*

11 Computation of Per Share Earnings (included in the Note—"Earnings Per Share" to Notes to Consolidated Financial Statements in Item 8.)

12 Computation of Ratio of Earnings to Fixed Charges (unaudited).

21 List of Subsidiaries.

23.1 Consent of KPMG LLP.

23.2 Consent of Ernst & Young LLP.

31.1 Section 302 Certification Statement of Chief Executive Officer.

31.2 Section 302 Certification Statement of Chief Financial Officer.

32 Section 906 Certification Statement of Chief Executive Officer and Chief Financial Officer.

*Previously filed as indicated and incorporated herein by reference. Exhibits incorporated by reference are located in SEC file No. 1-1070 unless otherwise indicated.

Any of the foregoing exhibits are available from the Company by writing to: Mr. George H. Pain, Vice President, General Counsel and Secretary, Olin Corporation, 190 Carondelet Plaza, Suite 1530, Clayton, MO 63105-3443.

Shareholders may obtain information from National City Bank, our registrar and transfer agent, who also manages our Automatic Dividend Reinvestment Plan by writing to: National City Bank Shareholder Services Operations, Locator 5352, PO Box 92301, Cleveland, OH 44101-4301, by telephone at (800) 622-6757, by e-mail at shareholder.inquiries@nationalcity.com or via the Internet at www.nationalcity.com/shareholderservices .

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 24, 2009

OLIN CORPORATION

By /s/ JOSEPH D. RUPP

Joseph D. Rupp
Chairman, President and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature	***Title***	***Date***
/s/ JOSEPH D. RUPP Joseph D. Rupp	Chairman, President and Chief Executive Officer and Director (Principal Executive Officer)	February 24, 2009
/s/ GRAY G. BENOIST Gray G. Benoist	Director	February 24, 2009
/s/ DONALD W. BOGUS Donald W. Bogus	Director	February 24, 2009
/s/ C. ROBERT BUNCH C. Robert Bunch	Director	February 24, 2009
/s/ RANDALL W. LARRIMORE Randall W. Larrimore	Director	February 24, 2009
/s/ JOHN M. B. O'CONNOR John M. B. O'Connor	Director	February 24, 2009
/s/ RICHARD M. ROMPALA Richard M. Rompala	Director	February 24, 2009
/s/ PHILIP J. SCHULZ Philip J. Schulz	Director	February 24, 2009
/s/ VINCENT J. SMITH Vincent J. Smith	Director	February 24, 2009
/s/ JOHN E. FISCHER John E. Fischer	Vice President and Chief Financial Officer (Principal Financial Officer)	February 24, 2009
/s/ TODD A. SLATER Todd A. Slater	Vice President and Controller (Principal Accounting Officer)	February 24, 2009

Audited Financial Statements

SunBelt Chlor Alkali Partnership
Years Ended December 31, 2008 and 2007
With Report of Independent Registered Public Accounting Firm

SunBelt Chlor Alkali Partnership

Audited Financial Statements

Years Ended December 31, 2008 and 2007

Contents

Report of Independent Registered Public Accounting Firm

The Partners
SunBelt Chlor Alkali Partnership

We have audited the accompanying balance sheets of SunBelt Chlor Alkali Partnership as of December 31, 2008 and 2007, and the related statements of income, partners' capital (deficit), and cash flows for each of the three years in the period ended December 31, 2008. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Partnership's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SunBelt Chlor Alkali Partnership at December 31, 2008 and 2007, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2008, in conformity with U.S. generally accepted accounting principles.

/s/ERNST & YOUNG LLP

Cleveland, Ohio
February 20, 2009

SunBelt Chlor Alkali Partnership

Balance Sheets

	December 31, 2008	December 31, 2007
Assets		
Current assets:		
Cash	$ 13,230	$ 1,000
Receivable from OxyVinyls, LP	2,142,230	6,026,774
Receivables from partners	17,351,616	18,807,135
Inventories	1,804,600	1,813,647
Prepaid expenses and other current assets	1,130,608	1,133,302
Total current assets	22,442,284	27,781,858
Property, plant, and equipment, net	106,956,187	108,811,756
Deferred financing costs, net	721,330	801,478
Total assets	$ 130,119,801	$ 137,395,092
Liabilities and partners' capital		
Current liabilities:		
Amounts payable to partners	$ 7,466,830	$ 8,837,007
Current portion of long-term debt	12,187,500	12,187,500
Total current liabilities	19,654,330	21,024,507
Long-term debt	97,500,000	109,687,500
Partners' capital	12,965,471	6,683,085
Total liabilities and partners' capital	$ 130,119,801	$ 137,395,092

See accompanying notes.

SunBelt Chlor Alkali Partnership

Income Statements

	Years Ended December 31,		
	2008	2007	2006
Revenues	$ 173,019,093	$ 180,555,764	$ 186,742,652
Operating costs and expenses:			
Cost of sales	70,475,462	62,255,321	56,316,784
Depreciation and amortization	15,163,235	14,866,744	14,554,150
Loss on disposal of assets	2,125,117	118,249	282,062
Administrative and general expenses	11,663,995	12,042,123	11,308,994
	99,427,809	89,282,437	82,461,990
Operating income	73,591,284	91,273,327	104,280,662
Other income	372,631	—	—
Interest expense	(8,811,563)	(9,692,719)	(10,573,875)
Interest income	374,620	802,271	853,823
Income before taxes	65,526,972	82,382,879	94,560,610
State income tax expense	(435,000)	(376,271)	—
Net income	$ 65,091,972	$ 82,006,608	$ 94,560,610

See accompanying notes.

SunBelt Chlor Alkali Partnership

Statements of Partners' Capital (Deficit)

	Partners		
	Olin SunBelt Inc.	1997 Venture, Inc.	Total
Balance at December 31, 2005	$ (2,291,000)	$ (2,291,000)	$ (4,582,000)
Cash distributions to partners	(47,602,274)	(47,602,274)	(95,204,548)
Net income	47,280,305	47,280,305	94,560,610
Balance at December 31, 2006	(2,612,969)	(2,612,969)	(5,225,938)
Cash distributions to partners	(35,048,793)	(35,048,793)	(70,097,585)
Net income	41,003,304	41,003,304	82,006,608
Balance at December 31, 2007	3,341,542	3,341,542	6,683,085
Cash distributions to partners	(29,404,793)	(29,404,793)	(58,809,586)
Net income	32,545,986	32,545,986	65,091,972
Balance at December 31, 2008	$ 6,482,735	$ 6,482,735	$ 12,965,471

See accompanying notes.

SunBelt Chlor Alkali Partnership

Statements of Cash Flows

	Years Ended December 31,		
	2008	2007	2006
Operating activities			
Net income	$ 65,091,972	$ 82,006,608	$ 94,560,610
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	15,163,235	14,866,744	14,554,150
Loss on disposal of assets	2,125,117	118,249	282,062
Accretion of discount	—	—	(328,493)
Changes in assets and liabilities:			
Receivables from OxyVinyls	3,884,544	1,705,864	(717,183)
Receivables from partners	1,455,519	(4,503,853)	3,633,362
Inventories	9,047	(206,513)	462,762
Amounts payable to partners	(1,370,177)	(1,096,006)	2,715,700
Accrued interest on long-term debt	—	—	—
Prepaid expenses and other assets	2,694	327,468	(169,169)
Net cash provided by operating activities	86,361,951	93,218,561	114,993,801
Investing activities			
Purchases of property, plant and equipment	(15,352,635)	(10,933,476)	(8,043,515)
Proceeds on sale of property, plant and equipment	—	—	70,256
Purchases of short-term investments	—	—	(22,697,270)
Proceeds from maturity of short-term investments	—	—	23,025,763
Net cash used by investing activities	(15,352,635)	(10,933,476)	(7,644,766)
Financing activities			
Cash distributions to partners	(58,809,586)	(70,097,585)	(95,204,548)
Principal payments on long-term debt	(12,187,500)	(12,187,500)	(12,187,500)
Net cash used by financing activities	(70,997,086)	(82,285,085)	(107,392,048)
Net increase (decrease) in cash	12,230	—	(43,013)
Cash at beginning of year	1,000	1,000	44,013
Cash and cash equivalents at end of year	$ 13,230	$ 1,000	$ 1,000

See accompanying notes.

1. Organization

SunBelt Chlor Alkali Partnership (the Partnership) was formed on August 23, 1996 under a Partnership Agreement, between 1997 Chlor Alkali Venture, Inc. and Olin SunBelt Inc. (the Partners). 1997 Chlor Alkali Venture, Inc. is a wholly owned subsidiary of PolyOne Corporation (formerly The Geon Company) and Olin SunBelt Inc. is a wholly owned subsidiary of the Olin Corporation. Each of the Partners has a 50% interest in the Partnership. The Partnership Agreement provides that the capital investment of the Partners will be maintained and the Partnership's income or loss will be allocated to the Partners based on their ownership interest percentages.

The Partnership was formed for the purpose of construction and operation of a Chlor-Alkali facility. The facility, which is located in McIntosh, Alabama produces chlorine, caustic soda, and hydrogen.

2. Significant Accounting Policies

Cash and Cash Equivalent

The Partnership considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. There were no cash equivalents held by the Partnership as of December 31, 2008 and 2007.

Inventories

Inventories are valued at the lower of cost or market. Cost is determined by the first-in, first-out (FIFO) method.

Property, Plant, and Equipment and Depreciation

Property, plant, and equipment are carried at cost. Major renewals and betterments are capitalized. Maintenance and repair expenditures which do not improve or extend the life of the respective assets are expensed as incurred. Depreciation for all plant and equipment is computed using the straight-line method over their estimated useful lives. Depreciation expense is excluded from cost of goods sold and presented with amortization expense separately in the Income Statements. The ranges of estimated useful lives are as follows:

Land improvements	20 years
Buildings	20 years
Machinery and equipment	5–20 years

Long-lived assets are assessed for impairment when operating profits for the related business or a significant change in the use of an asset indicate that their carrying value may not be recoverable.

Deferred Financing Costs

The costs incurred by the Partnership in obtaining its long-term debt have been capitalized and are being amortized over the term of the debt using the effective interest method.

Financial Instruments

The carrying amount of long-term debt approximates its fair value. The fair value of the debt is estimated based on the present value of the underlying cash flow discounted at the Partnership's estimated borrowing rate.

Revenue Recognition

The Partnership recognizes revenues at the point of passage of title which is based on shipping terms.

Shipping and Handling Costs

Shipping and handling costs are reflected in costs of sales.

Income Taxes

No provision is made for income taxes other than the Texas state gross margin tax which became effective January 1, 2007, as the Partnership's results of operations are includable in the tax returns of the Partners. The Partnership paid taxes of $435,000 in 2008 relating to the year ended December 31, 2007. The Partnership paid no taxes for the year ended December 31, 2008.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Risks and Uncertainties

Since the Partnership's major products are commodities, significant changes in the prices of chemical products could have a significant impact on the results of operations for any particular period. The Partnership had one major chlorine customer, OxyVinyls LP, during the periods presented, which accounted for 31.2%, 38.3%, and 39.9% of total sales for the years ended December 31, 2008, 2007, and 2006, respectively.

3. Inventories

Inventories are comprised as follows:

	December 31,	
	2008	**2007**
Finished goods	$ 803,826	$ 657,326
Production parts	1,000,774	1,156,321
	$ 1,804,600	$ 1,813,647

4. Property, Plant, and Equipment, net

Property, plant, and equipment, net are comprised as follows:

	December 31,	
	2008	**2007**
Land and land improvements	$ 4,862,826	$ 4,862,826
Building	4,084,254	3,869,389
Machinery and equipment	236,246,567	215,630,740
Construction in process	1,807,849	14,173,958
	247,001,496	238,536,913
Less allowance for depreciation	140,045,309	129,725,157
	$ 106,956,187	$ 108,811,756

5. Transactions With Affiliates

The Partnership has various management service agreements, dated August 23, 1996, with the Olin Corporation. These agreements, which include compensation for managing the facility, an asset utilization fee, a fleet fee, and a distribution fee, have terms from five to ten years with five year price adjustment renewals. Charges for these services were $8,150,580; $8,309,350; and $7,815,034 for 2008, 2007, and 2006, respectively, and have been included within administrative and general expenses in the income statements. The Partnership's cash policy was changed during 2003 to not make distributions to the Partners until the cash balance was sufficient to cover both the debt principal payments and interest expense for the year. Contributions from the Partners were discontinued with this policy change and the manufacturing costs were paid from Partnership receipts. The Partnership made distributions to its Partners totaling $58,809,586; $70,097,585; and $95,204,548 in 2008, 2007, and 2006, respectively.

In accordance with the Partnership Operating Agreement, the majority of chlorine produced by the Partnership is sold to OxyVinyls LP which was 24% owned by PolyOne Corporation until July 6, 2007. The remaining chlorine and all of the caustic soda produced by the Partnership is marketed and distributed by the Olin Corporation.

6. Long-Term Debt

On December 23, 1997, the Partnership borrowed $195,000,000 in a private placement of debt. The debt is secured by the property, plant, equipment, and inventory of the Partnership. The term of the loan is 20 years at an interest rate of 7.23%. The first principal payment of $12,187,500 was paid on December 22, 2002, with equal annual payments due through December 22, 2017. Interest payments are payable semi-annually in arrears on June 22 and December 22 of each year. Interest payments totaled $8,811,563; $9,692,719; and $10,573,875 in 2008, 2007, and 2006, respectively. The debt is guaranteed by the Partners.

7. Leases

The Partnership has operating leases for certain property, machinery, and equipment. At December 31, 2008, future minimum lease payments under noncancelable operating leases are as follows:

2009	$	1,688,076
2010		1,688,076
2011		1,688,076
2012		1,688,076
2013		1,688,076
Thereafter		3,413,018
Total minimum future lease payments	$	11,853,398

Rent expense was $1,743,882; $2,047,601; and $2,150,485 for the years ended December 31, 2008, 2007, and 2006, respectively.

8. Commitments and Contingencies

The Partnership is subject to legal proceedings and claims that arise in the ordinary course of its business. Management evaluates each claim and provides for any potential loss when the loss is probable and reasonably estimable. In the opinion of management, the ultimate liability with respect to these actions will not materially affect the financial condition, results of operations or cash flows of the Partnership.

Exhibit 10(n)

OLIN CORPORATION

AMENDED AND RESTATED

1997 STOCK PLAN FOR NON-EMPLOYEE DIRECTORS

(As Amended and Restated Effective December 11, 2008)

1. Purpose. The purpose of the Olin Corporation 1997 Stock Plan for Non-employee Directors (the "Plan") is to promote the long-term growth and financial success of Olin Corporation by attracting and retaining non-employee directors of outstanding ability and by promoting a greater identity of interest between its non-employee directors and its shareholders.

2. Definitions. The following capitalized terms utilized herein have the following meanings:

"Board" means the Board of Directors of the Company.

"Cash Account" means an account established under the Plan for a Non-employee Director to which cash meeting fees, Board Chairman fees, Lead Director Fees, Committee Chair fees and retainers, or other amounts under the Plan, have been or are to be credited in the form of cash.

"Change in Control" means the occurrence of any of the following events:

(a) any person or Group acquires ownership of Olin's stock that, together with stock held by such person or Group, constitutes more than 50% of the total fair market value or total voting power of Olin's stock, (including an increase in the percentage of stock owned by any person or Group as a result of a transaction in which Olin acquires its stock in exchange for property, provided that the acquisition of additional stock by any person or Group deemed to own more than 50% of the total fair market value or total voting power of Olin's stock on January 1, 2005, shall not constitute a Change in Control); or

(b) any person or Group acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or Group) ownership of Olin stock possessing 30% or more of the total voting power of Olin stock; or

(c) a majority of the members of Olin's board of directors is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of Olin's board of directors prior to the date of the appointment or election; or

(d) any person or Group acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or Group) assets from Olin that have a total Gross Fair Market Value equal to 40% or more of the total Gross Fair Market Value of all Olin assets immediately prior to such acquisition or acquisitions, provided that there is no Change in Control when Olin's assets are transferred to:

(i) a shareholder of Olin (immediately before the asset transfer) in exchange for or with respect to Olin stock;

(ii) an entity, 50% or more of the total value or voting power of which is owned, directly or indirectly, by Olin;

(iii) a person or Group that owns, directly or indirectly, 50% or more of the total value or voting power of all outstanding Olin stock; or

(iv) an entity, at least 50% of the total value or voting power of which is owned, directly or indirectly, by a person described in paragraph (iii).

For purposes of this paragraph (d) a person's status is determined immediately after the transfer of the assets. For example, a transfer to a corporation in which Olin has no ownership interest before the transaction, but which is a majority-owned subsidiary of Olin after the transaction is not a Change in Control.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and any applicable rules, regulations and/or other guidance thereunder. A reference to any provision of the Code shall include reference to any successor provision of the Code.

"Committee" means the Compensation Committee (or its successor) of the Board.

"Common Stock" means the Company's Common Stock, $1.00 par value per share.

"Company" means Olin Corporation, a Virginia corporation, and any successor.

"Credit Date" means the second Thursday in February, May, August and November and one week after the regularly scheduled board meeting in December or, in the event the December board meeting extends for more than one day, one week after the first day of such regularly scheduled board meeting held in December.

"Disability" means the Non-employee Director:

(a) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or

(b) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under an accident and health plan from the Non-employee Director's employer.

"Excess Retainer" means with respect to a Non-employee Director the amount of the full annual cash retainer payable to such Non-employee Director from time to time by the Company for service as a director in excess of $25,000, if any; provided that in the event the annual cash retainer is prorated to reflect that such Non-employee Director did not serve as such for the full calendar year, the $25,000 shall be similarly prorated.

"Fair Market Value" means, with respect to a date, on a per share basis, with respect to phantom shares of Common Stock or Spin-Off Company Common Stock, the average of the high and the low price of a share of Common Stock or Spin-Off Company Common Stock, as the case may be, as reported on the consolidated tape of the New York Stock Exchange on such date or if the New York Stock Exchange is closed on such date, the next succeeding date on which it is open.

"Gross Fair Market Value" means the value of assets determined without regard to any liabilities associated with such assets.

"Group" means persons acting together for the purpose of acquiring Olin stock and includes owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with Olin. If a person owns stock in both Olin and another corporation that enter into a merger, consolidation purchase or acquisition of stock, or similar transaction, such person is considered to be part of a Group only with respect to ownership prior to the merger or other transaction giving rise to the change and not with respect to the ownership interest in the other corporation. Persons will not be considered to be acting as a Group solely because they purchase assets of the same corporation at the same time, or as a result of the same public offering.

"Interest Rate" effective as of January 1, 2005, means the rate of interest equal to the Federal Reserve A1/P1 Composite rate for 90 day commercial paper plus 10 basis points, or such other specified, non-discretionary interest rate (or formula describing such rate) established by the Committee on a prospective basis.

"Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time.

"Non-employee Director" means a member of the Board who is not an employee of the Company or any subsidiary thereof.

"Olin Stock Account" means the Stock Account to which phantom shares of Common Stock are credited from time to time.

"Plan" means this Olin Corporation 1997 Stock Plan for Non-employee Directors as amended from time to time.

"Prior Plans" means the 1994 Plan and all of the Corporation's other directors' compensation plans, programs, or arrangements which provided for a deferred cash or stock account.

“Retirement Date” means the date the Non-employee Director (i) ceases to be a member of the Board for any reason and (ii) effective as of January 1, 2005, has experienced a “separation from service” as that term is used in Code Section 409A.

“Spin-Off Company” means Arch Chemicals, Inc., a Virginia corporation and any successor.

“Spin-Off Company Common Stock” means shares of common stock of the Spin-Off Company, par value $1.00 per share.

“Spin-Off Company Stock Account” means the Stock Account to which phantom shares of Spin-Off Company Common Stock are credited.

“Stock Account” means an account established under the Plan for a Non-employee Director to which shares of Common Stock and Spin-Off Company Common Stock have been or are to be credited in the form of phantom stock, which shall include the Olin Stock Account and the Spin-Off Company Stock Account.

“Stock Grant Period” means the twelve-month period commencing May 1 of a calendar year, and ending on April 30 of the immediately following calendar year. The first Stock Grant Period under the Plan shall be the twelve-month period commencing May 1, 2009 and ending April 30, 2010.

3. Term. The Plan originally became effective January 1, 1997, and was last amended and restated effective as of October 23, 2008. The Plan is amended and restated as of December 11, 2008, except as otherwise provided for herein. Notwithstanding the foregoing, those provisions required for compliance with Code Section 409A shall be generally effective as of January 1, 2005 or as otherwise specifically set forth herein.

4. Administration. Full power and authority to construe, interpret and administer the Plan shall be vested in the Committee. Decisions of the Committee shall be final, conclusive and binding upon all parties.

5. Participation. All Non-employee Directors shall participate in the Plan.

6. Grants and Deferrals.

(a) Annual Stock Grant. Subject to the terms and conditions of the Plan, on the second Credit Date each year, each Non-employee Director shall be credited with a number of shares of Common Stock with an aggregate Fair Market Value on such Credit Date equal to $65,000, rounded to the nearest 100 shares. To be entitled to such credit in any year, a Non-employee Director must be serving as such on May 1 of such year; provided, however, that in the event a person becomes a Non-employee Director subsequent to May 1 of a Stock Grant Period, such Non-employee Director, on the Credit Date next following his or her becoming such, shall be credited with that number of shares of Common Stock equal to one-twelfth of the number of shares issued to each other Non-employee Director as the Annual Stock Grant for such Stock Grant Period, multiplied by the number of whole calendar months remaining in such Stock Grant Period following the date he or she becomes a Non-employee Director (rounded up to the next whole share in the event of a fractional share). Notwithstanding the foregoing and in order to address the gap in annual stock grant coverage for the period of January 1, 2009 until April 30, 2009, on the first Credit Date of 2009, each Non-employee Director serving as such on such date shall be credited with a number of shares of Common Stock with an aggregate Fair Market Value on such Credit Date equal to $21,667, rounded to the nearest 100 shares. Actual receipt of shares shall be deferred and each eligible Non-employee Director shall receive a credit to his or her Olin Stock Account for such shares on the date of such credit. A Non-employee Director may elect in accordance with Section 6(f) to defer to his or her Olin Stock Account receipt of all or any portion of such shares after such Non-employee Director’s Retirement Date. Except with respect to any shares the director has so elected to defer, certificates representing such shares shall be delivered to the Non-employee Director (or in the event of death, to his or her beneficiary designated pursuant to Section 6(i)) on or as soon as practicable, but no later than thirty (30) days, following such Non-employee Director’s Retirement Date.

(b) Annual Retainer Stock Grant. Subject to the terms and conditions of the Plan, each Non-employee Director who is such on May 1 of that year shall receive that number of shares (rounded up to the next whole share) of Common Stock having an aggregate Fair Market Value of $25,000 on the second Credit Date in such year. In the event a person becomes in a Stock Grant Period a Non-employee Director subsequent to May 1 and has not received the annual stock retainer for such Stock Grant Period, such person, on the Credit Date next following his or her becoming such, shall receive that number of shares of Common Stock equal to one-twelfth of the number of shares issued to each other Non-employee Director as the Annual Retainer Stock Grant for such Stock Grant Period, multiplied by the number of whole calendar months remaining in such Stock Grant Period following the date he or she becomes a Non-employee Director (rounded up to the next whole share in the event of a fractional share). Notwithstanding the foregoing and in order to address the gap in annual retainer stock grant coverage for the period of January 1, 2009 until April 30, 2009, on the first Credit Date of 2009, each Non-employee Director serving as such on such date shall receive that number of shares (rounded up to the next whole share) of Common Stock having an aggregate Fair Market Value of $8,333. The annual cash retainer payable to the Non-employee Director shall be payable on the second Credit Date of each year, and shall be reduced by the aggregate Fair Market Value of the shares the Non-employee Director receives or defers as the Annual Retainer Stock Grant (excluding any rounding of fractional shares) on the date such Fair Market Value is calculated. A Non-employee Director may elect to defer receipt of all or any portion of such shares in accordance with Section 6(f). Except with respect to any shares the director has so elected to defer, certificates representing such shares shall be delivered to such Non-employee Director (or in the event of death, to his or her beneficiary designated pursuant to Section 6(i)) as soon as practicable, but no later than thirty (30) days, following the applicable Credit Date.

(c) One-time Stock Grant. Subject to the terms and conditions of the Plan, receipt of all shares of Olin Stock credited under the one-time grants to certain Non-employee Directors that the Company made as of January 15, 1997, shall be deferred. Such Non-employee Directors may elect in accordance with Section 6(f) to defer receipt of all or any portion of such shares to a date or dates following such Non-employee Director's Retirement Date. Except with respect to any shares so deferred, certificates representing such shares shall be delivered to such Non-employee Directors (or in the event of death, to his or her beneficiary designated pursuant to Section 6(i)) on or as soon as practicable, but no later than thirty (30) days, following his or her Retirement Date.

(d) Payment of Meeting Fees, Chairman of the Board Fees, Lead Director Fees, Committee Chair Fees and Excess Retainer and Election to Receive Fees in Stock in Lieu of Cash. Cash payments of meeting fees shall be made on the first Credit Date following the meeting date, cash payments of Committee Chair fees shall be made on the second Credit Date of each year, and cash payments of Chairman of the Board fees and Lead Director fees shall be made in four equal payments on the first four Credit Dates of each year. Except with respect to any cash payments the director has elected to defer in accordance with Section 6(f), such payment shall be delivered to the Non-employee Director on or as soon as practicable, but no later than thirty (30) days, following the applicable Credit Date. Subject to the terms and conditions of the Plan, a Non-employee Director may elect to receive all or a portion of the director meeting fees, fees as Chairman of the Board, fees as Lead Director, fees as a Committee Chair and the Excess Retainer payable in cash by the Company for his or her service as a director for the calendar year in the form of shares of Common Stock. Such election shall be made in accordance with Section 6(f). A Non-employee Director who so elects to receive all or a portion of the Excess Retainer or other fees in the form of shares for such year shall be paid on the Credit Date on which the cash portion of the Excess Retainer or the other fees, as the case may be, would have been paid. The number of shares (rounded up to the next whole share in the event of a fractional share) payable to a Non-employee Director who so elects to receive the Excess Retainer or meeting fees, Board Chairman fees, Lead Director fees or Committee Chair fees in the form of shares shall be equal to the aggregate Fair Market Value on the relevant Credit Date. Except with respect to any shares the director has elected to defer in accordance with Section 6(f), certificates representing such shares shall be delivered to the Non-employee Director on or as soon as practicable, but no later than thirty (30) days, following the applicable Credit Date.

(e) Deferral of Meeting Fees, Chairman of the Board Fees, Lead Director Fees, Committee Chair Fees and Excess Retainer. Subject to the terms and conditions of the Plan, a Non-employee Director may elect to defer all or a portion of the shares payable under Section 6(d) and all or a portion of the director meeting fees, fees as Chairman of the Board, fees as Lead Director, fees as a Committee Chair and Excess Retainer payable in cash by the Company for his or her service as a director for the calendar year. Such election shall be made in accordance with Section 6(f). A Non-employee Director who elects to so defer shall have any deferred shares deferred in the form of shares of Common Stock and any deferred cash fees and retainer deferred in the form of cash.

(f) Elections.

(1) Deferrals. Effective as of January 1, 2005, all elections to defer payment of compensation under this Plan shall:

- be made in writing and delivered to the Secretary of the Company,
- be irrevocable once the year to which the election relates commences,
- be made before January 1 of the year in which the shares of Common Stock or director's fees and retainer are to be earned (or, in the case of an individual who becomes a Non-employee Director during a calendar year, within 30 days of the date of his or her election as a director; notwithstanding the foregoing no amounts earned prior to an election shall be deferred by new participants), and
- specify the portions (in 25% increments) to be deferred.

(2) Stock and Cash Account Payments. Effective as of January 1, 2005, Stock and Cash Accounts shall be paid in a single lump sum payment within 30 days of the Non-employee Director's Retirement Date unless the Non-employee Director makes an election as set forth below:

- a payment election, if any, shall be made on or before the earlier of:
    - the time such individual makes any deferral election under the Plan, or
    - the end of the 30 day period following the date an individual first becomes a Non-employee Director.
- a payment election may specify a payment date, provided such date is after the Non-employee Director's Retirement Date.
- a payment election may specify the method of payment (lump sum or annual installments (up to 10)).

Notwithstanding any election, Plan payments will be made (or annual installments will begin) upon a Non-employee Director's death. All payments shall be made (or each annual installment shall be paid) within 30 days of the prescribed payment date, and any payment election shall be irrevocable except as permitted in Section 6(f)(4) below.

(3) Dividends and Interest on Stock and Cash Accounts. Dividends and interest on Stock and Cash Accounts shall be paid as provided in Section 6(f)(8) unless the Non-employee Director makes an election to have such amounts deferred and credited back to the appropriate account (and shall be payable in accordance with Sections 6(f)(2) and (4) herein), provided that such election is made within the time prescribed by Section 6(f)(2) above.

(4) Change in Payment Election. Any change with respect to a Non-employee Director's payment election under the Plan will not be effective for one year, must be made at least one (1) year in advance of the first date payment is scheduled and must further defer all payments by at least five (5) years from the prior scheduled payment date. Notwithstanding the foregoing, for the transition period beginning January 1, 2005 and ending December 31, 2008, any Non-employee Director may make a payment election in accordance with Code Section 409A (and applicable IRS transition relief), in the time and manner prescribed by the Committee and subject to the following provisions. As of December 31, 2008, any then effective transition payment elections shall be irrevocable for the duration of a Non-employee Director's participation in the Plan except as set forth in the first sentence of this Section 6(f)(4). No election made in 2008 under this transition relief will apply to amounts that would otherwise be payable in 2008, nor may such election cause an amount to be paid in 2008 that would not otherwise be payable in 2008. No election under this transition relief may be made retroactively, when Plan payments are imminent, or after a Non-employee Director has left the Board.

(5) Olin Stock Account. On the Credit Date (or in the case of a proration, on the first day of the appropriate calendar month), a Non-employee Director who has elected to defer shares under Sections 6(b) or 6(e) shall receive a credit to his or her Olin Stock Account. The amount of such credit shall be the number of shares so deferred (rounded to the next whole share in the event of a fractional share). A Non-employee Director may elect to defer the cash dividends paid on his or her Stock Account in accordance with Section 6(f)(3).

(6) Cash Account. On the Credit Date or in the case of the Excess Retainer, on the day on which the Non-employee Director is entitled to receive such Excess Retainer, a Non-employee Director who has elected to defer cash fees and/or the Excess Retainer under Section 6(e) in the form of cash shall receive a credit to his or her Cash Account. The amount of the credit shall be the dollar amount of such Director's meeting fees, Board Chairman fees, Lead Director fees or Committee Chair fees earned during the immediately preceding quarterly period or the amount of the Excess Retainer to be paid for the calendar year, as the case may be, and in each case, specified for deferral in cash. A Non-employee Director may elect to defer interest paid on his or her Cash Account in accordance with Section 6(f)(3).

(7) Installment Payments. Installment payments from an Account shall be equal to the Account balance (expressed in shares in the case of the Stock Account, otherwise the cash value of the Account) at the time of the installment payment times a fraction, the numerator of which is one and the denominator of which is the number of installments not yet paid. Fractional shares to be paid in any installment shall be rounded up to the next whole share. In the event of an election under Section 6(d) for director meeting fees, Board Chairman fees, Lead Director fees, Committee Chair fees or Excess Retainer to be paid in shares of Common Stock, the election shall specify the portion (in 25% increments) to be so paid.

(8) Dividends and Interest. Each time a cash dividend is paid on Common Stock or Spin-Off Company Common Stock, a Non-employee Director who has shares of such stock credited to his or her Stock Account shall be paid on the dividend payment date such cash dividend in an amount equal to the product of the number of shares credited to the Non-employee Director's Olin Stock Account or Spin-Off Company Stock Account, as the case may be, on the record date for such dividend times the dividend paid per applicable share unless the director has elected to defer such dividend to his or her applicable Stock Account as provided herein. If the Non-employee Director has elected to defer such dividend, he or she shall receive a credit for such dividends on the dividend payment date to his or her Olin Stock Account or Spin-Off Company Stock Account, as the case may be. The amount of the dividend credit shall be the number of shares (rounded to the nearest one-thousandth of a share) determined by multiplying the dividend amount per share by the number of shares credited to such director's applicable Stock Account as of the record date for the dividend and dividing the product by the Fair Market Value per share of Common Stock or Spin-Off Company Common Stock, as the case may be, on the dividend payment date. A Non-employee Director who has a Cash Account shall be paid interest directly on such account's balance at the end of each calendar quarter, payable at a rate equal to the Interest Rate in effect for such quarter unless such Non-employee Director has elected to defer such interest to his or her Cash Account, in which case such interest shall be credited to such Cash Account at the end of each calendar quarter. All amounts paid pursuant to this subsection (8) shall be paid on or as soon as practicable, but no later than thirty (30) days, following the applicable payment date (i.e., the applicable dividend payment date or end date of the fiscal quarter).

(9) Payouts. Cash Accounts and the Spin-Off Company Stock Account will be paid out in cash and Olin Stock Accounts shall be paid out in shares of Common Stock unless the Non-employee Director elects at the time the payment is due to take the Olin Stock Account in cash.

(g) No Stock Rights. Except as expressly provided herein, the deferral of shares of Common Stock or Spin-Off Company Common Stock into a Stock Account shall confer no rights upon such Non-employee Director, as a shareholder of the Company or of the Spin-Off Company or otherwise, with respect to the shares held in such Stock Account, but shall confer only the right to receive such shares credited as and when provided herein.

(h) Change in Control. Notwithstanding anything to the contrary in this Plan or any election, in the event a Change in Control occurs, amounts and shares credited to Cash Accounts (including interest accrued to the date of payout) and Stock Accounts shall be promptly (but no later than thirty (30) days following the Change in Control) distributed to Non-employee Directors except the Olin Stock Account shall be paid out in cash and not in the form of shares of Common Stock. For this purpose, the cash value of the amount in the Stock Account shall be determined by multiplying the number of shares held in the Olin Stock Account or the Spin-Off Company Stock Account by the higher of (i) the highest Fair Market Value of Common Stock or Spin-Off Company Common Stock, as appropriate, on any date within the period commencing thirty (30) days prior to such Change in Control and ending on the date of the Change in Control, or (ii) if the Change in Control occurs as a result of a tender or exchange offer or consummation of a corporate transaction, then the highest price paid per share of Common Stock or Spin-Off Company Common Stock, as appropriate, pursuant thereto.

(i) Beneficiaries. A Non-employee Director may designate at any time and from time to time a beneficiary for his or her Stock and Cash Accounts in the event his or her Stock or Cash Account may be paid out following his or her death. Such designation shall be in writing and must be received by the Company prior to the death to be effective.

(j) Prior Plan Accounts. Any transfers made to a Cash Account or a Stock Account from Prior Plans shall be maintained and administered pursuant to the terms and conditions of this Plan; provided that prior annual 100- or 204-share grant deferrals shall be treated as deferrals of 204-share grants under this Plan, the $25,000 annual share grant under the 1994 Plan shall be treated as deferrals under Paragraph 6(b) hereof and deferrals of meeting fees under all Prior Plans and of the Excess Retainer under the 1994 Plan shall be treated as deferrals under Paragraph 6(d) hereof. Prior elections and beneficiary designations under the 1994 Plan and this Plan shall govern this Plan unless changed subsequent to October 2, 1997.

(k) Stock Account Transfers. A Non-employee Director may elect from time to time to transfer all or a portion (in 25% increments) of his or her Spin-Off Company Stock Account to his or her Olin Stock Account. The amount of phantom shares of Common Stock to be credited to a Non-employee Director's Olin Stock Account shall be equal to the number of shares of Common Stock that could be purchased if the number of phantom shares of Spin-Off Company Common Stock in his or her Spin-Off Company Stock Account being transferred were sold and the proceeds reinvested in Common Stock based on the Fair Market Value of each. Except as provided in Section 6(f)(8) with respect to dividends or in Section 8, no additional contributions or additions may be made to a Non-employee Director's Spin-Off Company Stock Account after the Distribution Date.

7. Limitations and Conditions.

(a) Total Number of Shares. The total number of shares of Common Stock that may be issued to Non-employee Directors under the Plan is 550,000, which may be increased or decreased by the events set forth in Section 8. Such total number of shares may consist, in whole or in part, of authorized but unissued shares. If any shares granted under this Plan are not delivered to a Non-employee Director or a beneficiary because the payout of the grant is settled in cash, such shares shall not be deemed to have been delivered for purposes of determining the maximum number of shares available for delivery under the Plan. No fractional shares shall be issued hereunder. In the event a Non-employee Director is entitled to a fractional share, such share amount shall be rounded upward to the next whole share amount.

(b) No Additional Rights. Nothing contained herein shall be deemed to create a right in any Non-employee Director to remain a member of the Board, to be nominated for reelection or to be reelected as such or, after ceasing to be such a member, to receive any cash or shares of Common Stock under the Plan which are not already credited to his or her accounts.

8. Stock Adjustments. In the event of any merger, consolidation, stock or other non-cash dividend, extraordinary cash dividend, split-up, spin-off, combination or exchange of shares or recapitalization or change in capitalization, or any other similar corporate event, the Committee may make such adjustments in (i) the aggregate number of shares of Common Stock that may be issued under the Plan as set forth in Section 7(a) and the number of shares that may be issued to a Non-employee Director with respect to any year as set forth in Section 6(a) and the number of shares of Olin Common Stock or Spin-Off Company Common Stock, as the case may be, held in a Stock Account, (ii) the class of shares that may be issued under the Plan and (iii) the amount and type of payment that may be made in respect of unpaid dividends on shares of Spin-Off Company Common Stock or Common Stock whose receipt has been deferred pursuant to Section 6(f), as the Committee shall deem appropriate in the circumstances. The determination by the Committee as to the terms of any of the foregoing adjustments shall be final, conclusive and binding for all purposes of the Plan.

9. Amendment and Termination. This Plan may be amended, suspended or terminated by action of the Board, except to the extent that amendments are required to be approved by the Company's shareholders under applicable law or the rules of the New York Stock Exchange or any other exchange or market system on which the Common Stock is listed or traded. No termination of the Plan shall adversely affect the rights of any Non-employee Director with respect to any amounts otherwise payable or credited to his or her Cash Account or Stock Account.

10. Nonassignability. No right to receive any payments under the Plan or any amounts credited to a Non-employee Director's Cash or Stock Account shall be assignable or transferable by such Non-employee Director other than by will or the laws of descent and distribution or pursuant to a domestic relations order. The designation of a beneficiary under Section 6(i) by a Non-employee Director does not constitute a transfer.

11. Unsecured Obligation. Benefits payable under this Plan shall be an unsecured obligation of the Company.

12. Rule 16b-3 Compliance. It is the intention of the Company that all transactions under the Plan be exempt from liability imposed by Section 16(b) of the Exchange Act. Therefore, if any transaction under the Plan is found not to be in compliance with an exemption from such Section 16(b), the provision of the Plan governing such transaction shall be deemed amended so that the transaction does so comply and is so exempt, to the extent permitted by law and deemed advisable by the Committee, and in all events the Plan shall be construed in favor of its meeting the requirements of an exemption. Scheduled Plan payments will be delayed where the Committee reasonably anticipates that the making of the payment will violate Federal securities laws or other applicable law; provided that such payment shall be made at the earliest date at which the Committee reasonably anticipates that the making of the payment will not cause such violation.

13. Code Section 409A Compliance. To the extent any provision of the Plan or action by the Board or Committee would subject any Non-employee Director to liability for interest or additional taxes under Code Section 409A, it will be deemed null and void, to the extent permitted by law and deemed advisable by the Committee. It is intended that the Plan will comply with Code Section 409A, and the Plan shall be interpreted and construed on a basis consistent with such intent. The Plan may be amended in any respect deemed necessary (including retroactively) by the Committee in order to preserve compliance with Code Section 409A. If, regardless of the foregoing, any Non-employee Director is liable for interest or additional taxes under Code Section 409A with respect to his or her Account (or a portion thereof), such Account (or applicable portion thereof) shall be paid at such time. The preceding shall not be construed as a guarantee of any particular tax effect for any benefits or amounts deferred or paid out under the Plan.

Exhibit 10(p)

DESCRIPTION OF
RESTRICTED STOCK UNIT AWARD
GRANTED UNDER THE
OLIN CORPORATION __________ LONG TERM INCENTIVE PLAN

1. Terms

The terms and conditions of these Restricted Stock Units are contained in the Award Certificate evidencing the grant of such Award, this Award Description and in the Olin Corporation _______ Long Term Incentive Plan (the "Plan").

2. Definitions

"Vesting Date" means with respect to a Restricted Stock Unit, the date on which you become entitled to receive the shares underlying the Restricted Stock Unit, as set forth in your Award Certificate.

Other capitalized terms used but not defined herein have the meanings specified in the Plan.

3. Vesting and Payment

(a) Except as otherwise provided in the Plan or in this Award Description, your interest in the Restricted Stock Units awarded to you will vest only at the close of business on the Vesting Date for such Restricted Stock Units, if you are employed by Olin from the grant date through the Vesting Date. Each Restricted Stock Unit not vested shall be forfeited.

(b) Each vested Restricted Stock Unit shall be payable by delivery of one share of Olin Common Stock (subject to adjustment as provided in the Plan), except as otherwise provided in the Plan.

(c) Each outstanding Restricted Stock Unit shall accrue Dividend Equivalents (amounts equivalent to the cash dividends payable in cash), deferred in the form of cash. Such Dividend Equivalents shall be paid only when and if the Restricted Stock Unit on which such Dividend Equivalents were accrued vests. Dividend Equivalents will accrue interest at an annual rate equal to Olin's before tax cost of borrowing as determined from time to time by the Chief Financial Officer, the Treasurer or the Controller of the Company (or in the event there is no such borrowing, the Federal Reserve A1/P1 Composite rate for 90 day commercial paper plus 10 basis points, as determined by any such officer) or such other rate as determined from time to time by the Board or the Committee, compounded quarterly, from the date accrued to the earlier of the date paid or forfeiture. To the extent a Restricted Stock Unit does not vest or is otherwise forfeited, any accrued and unpaid Dividend Equivalents (and any interest on such Dividend Equivalents) shall be forfeited.

(d) Except as otherwise specifically provided in the Plan, the total number of Restricted Stock Units (and Dividend Equivalents and related interest) that vest as of the Vesting Date shall be paid on or as soon as administratively feasible after such Vesting Date, but no later than March 15th of the calendar year following the calendar year of the Vesting Date.

(e) Restricted Stock Units shall carry no voting rights nor, except as specifically provided herein, be entitled to receive any dividends or other rights enjoyed by shareholders.

4. Termination of Employment

(a) Any Restricted Stock Units not yet vested shall be forfeited if your employment terminates either for cause or without Olin's written consent. If your employment should terminate before the applicable Vesting Date without cause and with Olin's written consent or by virtue of your death or total disability or retirement under an Olin benefit plan, the Committee shall determine, in its sole discretion, which outstanding Restricted Stock Units not yet vested (including Dividend Equivalents and related interest), if any, shall not be forfeited provided that if you are not a Section 16 officer or director of Olin when your employment terminates, the Chief Executive Officer of Olin shall be authorized to make such determination.

(b) With respect to any non-forfeited Restricted Stock Units (and Dividend Equivalents and related interest) of a terminated Participant relating to incomplete Vesting Period, you will receive shares in payment of such Restricted Stock Units (and related Dividend Equivalents and interest, if any) on or as soon as administratively feasible after your termination, but no later than March 15th of the calendar year following the calendar year of your termination, subject to the provisions of the Plan.

5. Tax Withholding

Olin will withhold from the payout of the Restricted Stock Units (and related Dividend Equivalents) the amount necessary to satisfy your federal, state and local withholding tax requirements.

6. Miscellaneous

By accepting the Award of Restricted Stock Units, you agree that such Award is special compensation, and that any amount paid will not affect

(a) The amount of any pension under any pension or retirement plan in which you participate as an employee of Olin,

(b) The amount of coverage under any group life insurance plan in which you participate as an employee of Olin, or

(c) The benefits under any other benefit plan or any kind heretofore or hereafter in effect, under which the availability or amount of benefits is related to compensation.

(d) To the extent any provision of this Award Description would subject any Participant to liability for interest or additional taxes under Code Section 409A, it will be deemed null and void, to the extent permitted by law and deemed advisable by the Committee. It is intended that this Award will be exempt from Code Section 409A (or to the extent applicable, comply with Code Section 409A), and this Award Description shall be interpreted and construed on a basis consistent with such intent. This Award Description may be amended in any respect deemed necessary (including retroactively) by the Committee in order to preserve exemption (or, if applicable, compliance) with Code Section 409A.

(e) This provision under Section 6(e) shall apply if any right you may have pursuant to this Award is considered deferred compensation under Code Section 409A.

  (i) Notwithstanding Section 3(d), the payment made under Section 3(d) shall be paid no later than 60 days after the Vesting Date.

  (ii) Notwithstanding Section 4(b), and subject to paragraph (iii) below, the payment made under Section 4(b) shall be paid no later than 60 days after your termination.

  (iii) If you are a Specified Employee (as defined and determined under Code Section 409A) at the time you become entitled to payment under Section 4(b), then no payment which is payable upon your termination of employment as determined under Code Section 409A and not subject to an exception or exemption thereunder, shall be paid to you until the date that is six (6) months after your termination. Any such payment that would otherwise have been paid to you during this six-month period shall instead be paid to you on or as soon as administratively feasible following the date that is six (6) months after your termination, but no later than 60 days after such date. Until payment, you will continue to accrue Dividend Equivalents (and related interest) on the Restricted Stock Units as provided in Section 3(c).

  (iv) A “termination of employment”, “termination”, or “retirement” (or other similar term having a similar import) under this Award shall have the same meaning as a “separation from service” as defined in Code Section 409A.

Exhibit 10(ee)

OLIN CORPORATION

CONTRIBUTING EMPLOYEE OWNERSHIP PLAN
Effective as of December 1, 2003

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OLIN CORPORATION

CONTRIBUTING EMPLOYEE OWNERSHIP PLAN

Restated and Amended as of December 1, 2003

INTRODUCTION

The Olin Corporation Contributing Employee Ownership Plan (the "Plan") is a stock bonus plan that includes a cash or deferred arrangement and includes an "employee stock ownership plan" component (an "ESOP") within the meaning of Section 4975(e)(7) of the Internal Revenue Code of 1986, as amended (the "Code"). The ESOP portion of the Plan is designed to invest primarily in employer securities as defined in Section 409(l) of the Code.

The Plan is amended and restated in this Plan document, the terms of which shall be effective as of December 1, 2003. The rights of Employees terminating service prior to this Restatement Effective Date shall be governed by the terms of the Prior Plan in effect as of the date the employee terminated service, provided, however, that if the Employee retains an Account under this Plan after its Restatement Effective Date, the administration, timing and valuation of the distribution of such Account shall be determined under the terms of this Plan.

The participation of each Participating Employer in this Plan shall be limited to providing benefits for Participants who are or have been in the employ of such Participating Employer and its Affiliated Companies. Contributions by a Participating Employer shall be determined on the basis of Participants who have been employed by that particular Participating Employer. The Plan shall be administered as a single plan and not as separate plans of the Company and each Participating Employer. All contributions made by the Company and by Participating Employers under the Plan, together with any increment attributable thereto, shall be used to pay benefits to Participants under the Plan in accordance with the provisions of the Plan and without regard to which Participating Employer or Participating Employers have funded the particular Participant's benefits.

The purposes of the Plan are to encourage thrift on the part of employees by furnishing them with a means to save for the future, and to give Participants an opportunity to acquire Company Stock and thus become more interested in the affairs of the Company and their Participating Employer.

BRIEF HISTORY

Olin Corporation established the Plan effective July 1, 1964. The Plan was established as a savings plan for eligible employees and was originally known as the Olin Employee Incentive Thrift Plan. Effective June 12, 1989, the Plan, which was then a stock bonus plan with a cash or deferred arrangement, was renamed the Olin Corporation Contributing Employee Ownership Plan and was amended to include the ESOP portion of the Plan. The Plan was thereafter amended from time to time prior to this restatement.

Effective as of February 8, 1999, the date of the spin-off of Arch Chemicals, Inc. ("Arch") from the Company, the Plan was converted into a multiple employer plan covering the employees of Olin and its Affiliated Companies, and employees of Arch and its Affiliated Companies. Effective as of March 1, 2001, Arch ceased to be a Participating Employer in the Plan and the Plan ceased to be a multiple employer plan. Effective as of the same date, the Accounts of all Arch Participants were transferred to the Arch Chemicals, Inc. Contributing Employee Ownership Plan. During the time that the Plan was a multiple employer Plan, the ESOP portion of the Plan consisted of two ESOP sub-Accounts: with respect to the Company and its Affiliated Companies, a sub-account which was invested in employer securities of the Company, and with respect to Arch and its Affiliated Companies, a sub-account which was invested in qualifying employer securities of Arch. The provisions applicable when the Plan was a multiple employer plan have been generally removed from this restatement.

Effective as of September 1, 2001, Monarch Brass & Copper Corporation and its affiliates ("Monarch"), a wholly owned subsidiary of Olin Corporation, became a Participating Employer in the Plan and its stock bonus plans were merged into this Plan.

ARTICLE I

DEFINITIONS

"***Account***" shall mean with respect to any Participant, the aggregate of his Tax Deferred Contribution Account, his Taxed Contribution Account, his Company Contribution Account and such other account(s) or sub-accounts as may be established by the Administrative Committee or the Trustee.

"***Active Participant***" shall mean any Eligible Employee who participates in the Plan pursuant to Article II, who is actively employed by an Affiliated Company and who still has an Account under the Plan.

"***Actual Contribution Percentage***" shall mean, with respect to a specified group of Eligible Employees, the average of the Contribution Percentages of the Eligible Employees in each group. The Contribution Percentages are ratios (expressed as percentages) for each Eligible Employee in the group, determined by dividing

(a) the sum of (i) the fair market value of any Matching Contributions (and Performance Matching Contributions, and qualified non-elective contributions, if any, but excluding any amounts used to satisfy the minimum top heavy allocation described in Appendix A) made on behalf of the Eligible Employee for the Plan Year, plus (ii) Taxed Contributions made on behalf of or by the Eligible Employee for the Plan Year, by

(b) the Eligible Employee's Earnings for that Plan Year.

For purposes of determining such ratios, Eligible Employee includes:

(I) an Employee who is directly or indirectly eligible to make a Tax Deferred Contribution or to receive an allocation of Matching Contributions and Performance Matching Contributions (including allocations derived from forfeitures) under the Plan for a Plan Year;

(II) an Employee who is unable to make a Tax Deferred Contribution or to receive an allocation of Matching Contributions or Performance Matching Contributions because the Employee has not contributed to this Plan or another plan of an Affiliated Company;

(III) an Employee who would be eligible to make Tax Deferred Contributions but for a suspension due to a distribution, a loan or an election not to participate in the Plan (other than certain one-time elections), even though the Employee may not make such Tax Deferred Contributions or receive an allocation of Matching Contributions or Performance Matching Contributions by reason of such suspension; or

(IV) an Employee who is unable to make a Tax Deferred Contribution or to receive an allocation of Matching Contributions or Performance Matching Contributions because such Employee may receive no additional annual additions because of Section 415(c)(1) or, prior to January 1, 2000, because of Section 415(e) of the Code.

In the case of an Eligible Employee described in paragraphs (I), (II), (III) or (IV) above who makes no Tax Deferred Contributions and receives no Matching Contributions or Performance Matching Contributions under the Plan for a Plan Year, the Contribution Percentage for such Participant that is to be included in determining the Average Contribution Percentage for such Plan Year shall be zero. In determining the Contribution Percentage, the Administrative Committee may elect, to the extent permitted in regulations, to take into account elective deferrals (defined in Code Section 402(g)(3)(A) and qualified non-elective deferrals which are subject to Code Section 401(k) restrictions (as defined in Code Section 401(m)(4)(C)) contributed to any Plan maintained by the Company or an Affiliated Company.

In determining the Contribution Percentages, the following Matching Contributions and Performance Matching Contributions shall be excluded:

(x) Matching Contributions and Performance Matching Contributions that a Participant forfeits because they correspond to Tax Deferred Contributions in excess of the permissible dollar limits contained in Code Section 402(g);

(y) Matching Contributions and Performance Matching Contributions forfeited, or returned to the Participant, in order to correct an allocation in excess of Section 415(c) of the Code; and

(z) Matching Contributions and Performance Matching Contributions that a Participant forfeits in conjunction with a distribution made to meet the limitations described in Sections 3.02 and 3.05 of the Plan.

The Actual Contribution Percentage shall be computed to the nearest one hundredth of one percent of the Eligible Employee's Earnings.

The Actual Contribution Percentage shall be determined separately with respect to the Bargaining Unit Employees and Non-Bargaining Unit Employees within each of these two groups.

The Company elects to compute the Actual Contribution Percentage in accordance with the foregoing formula on the basis of current Plan Year data for Participants, notwithstanding the changes to Code Section 401(m)(2)(A) enacted as part of the Small Business Job Protection Act of 1996. Such election, once made, cannot be revoked except as provided in IRS guidance, including IRS Notice 98-1. The Company can switch the Plan to prior year testing (by Plan amendment) only if: (i) the Plan has used current year testing for the lesser of 5 years, or since the Plan has been in effect; or (ii) it is otherwise permitted in Notice 98-1 or subsequent guidance. If a switch is made from current year testing to prior year testing, then the rules in Notice 98-1 (or any subsequent guidance) apply in determining how the Actual Contribution Percentage of Non-Highly Compensated Employees is adjusted in the year of the switch.

" ***Actual Deferral Percentage*** " shall mean, with respect to a specified group of Eligible Employees, the average of the Deferral Percentages of the Eligible Employees in each group. The Deferral Percentages are ratios (expressed as percentages) for each Eligible Employee in the group, determined by dividing

(a) the sum of (i) the Tax Deferred Contributions made on behalf of or by the Eligible Employee for the Plan Year, and (ii) qualified non-elective or qualified matching contributions, if any, by

(b) the Eligible Employee's Earnings for that Plan Year.

Such Actual Deferral Percentage shall be computed to the nearest one hundredth of one percent of the Eligible Employee's Earnings.

The Actual Deferral Percentage shall be determined separately with respect to the Bargaining Unit Employees and Non-Bargaining Unit Employees within each of these two groups.

For purposes of determining such ratios, Tax Deferred Contributions on behalf of any Participant shall include any Tax Deferred Contributions made pursuant to a salary reduction agreement, including excess Tax Deferred Contributions of Highly Compensated Employees (as described in Section 3.02(b)), but excluding (1) excess Tax Deferred Contributions of Non-Highly Compensated Employees that arise solely from Tax Deferred Contributions under this Plan or any Plan of the Company; and (2) Tax Deferred Contributions that are taken into account in the Actual Contribution Percentage (provided the Actual Deferral Percentage test described in Section 3.02 is satisfied both with and without exclusion of these Tax Deferred Contributions).

For purposes of computing Actual Deferral Percentages, an Eligible Employee who would be a Participant but for the failure to make a Tax Deferred Contributions shall be treated as a Participant on whose account no Tax Deferred Contributions are made.

The Company elects to compute the Actual Deferral Percentage in accordance with the foregoing formula on the basis of current Plan Year data for Participants, notwithstanding the changes to Code Section 401(k)(3)(A) enacted as part of the Small Business Job Protection Act of 1996. Such election, once made, cannot be revoked except as provided in IRS guidance, including IRS Notice 98-1. The Company can switch the Plan to prior year testing (by Plan amendment) only if: (i) the Plan has used current year testing for the lesser of 5 years, or since the Plan has been in effect; or (ii) it is otherwise permitted in Notice 98-1 or subsequent guidance. If a switch is made from current year testing to prior year testing, then the rules in Notice 98-1 (or any subsequent guidance) apply in determining how the Actual Deferral Percentage of Non-Highly Compensated Employees is adjusted in the year of the switch.

The Actual Deferral Percentage for any Highly Compensated Employee for any Plan Year who is eligible to have pre-tax contributions allocated to his account under one or more plans described in Code Section 401(k) maintained by an Affiliated Company in addition to this Plan shall be determined as if all such contributions were made to this Plan.

" ***Administrative Committee*** " shall mean the committee described in Section 12.01.

" ***Aegis Retirement Contributions*** " shall mean those retirement contributions made by Aegis, Inc. (known after September 30, 1997 simply as "Aegis", an unincorporated division of the Company) ("Aegis") under Section 3.04(c) of the Plan, with respect to each fiscal year coinciding with (or ending within) a Plan Year in which it has net operating profits, which are allocated to the Aegis Retirement Contribution Accounts of eligible Aegis Employees in accordance with the service weighted formula contained in Section 5.05 of the Plan.

" ***Aegis Retirement Contribution Account*** " shall mean with respect to an eligible Participant employed by Aegis (or formerly employed by Aegis), that portion of his Account that is attributable to Aegis Retirement Contributions.

" ***Affiliated Company*** " shall mean

(a) the Company,

(b) each other corporation that is a member of a controlled group of corporations (as defined in Code Section 414(b), i.e., determined in accordance with Code Section 1563(a), without regard to Code Sections 1563(a)(4) and 1563(e)(3)(C), except that the phrase "more than 50 percent" shall be substituted for the phrase "at least 80 percent" wherever it appears in Code Section 1563(a)(1)) that includes the Company,

(c) any trade or business under common control (as defined in Code Section 414(c)) with the Company),

(d) any organization (whether or not incorporated) which is part of an affiliated service group that includes the Company,

(e) any entity required to be aggregated with the Company pursuant to regulations under Code Section 414(o),

(f) any subsidiary of the Company designated as an Affiliated Employer by the Company.

" ***Arch Common Stock Fund*** " means the Fund under the Plan that is invested primarily in Arch Chemicals, Inc. common stock, accounted for through units of participation prior to March 1, 2001, and on and after March 1, 2001, through shares of Arch common stock.

" ***Bargaining Unit Employee*** " shall mean an Eligible Employee who is covered under a collective bargaining agreement between employee representatives and a Participating Employer.

“ ***Beneficiary*** ” shall mean such beneficiary or beneficiaries as may be designated from time to time by the Participant, in writing, to the Administrative Committee, to receive, in the event of the Participant’s death, the value of his Account at the time of his death. In the case of a Participant who is married, the Beneficiary shall be the Participant’s Spouse unless such Spouse consents in writing on a form witnessed by a Plan representative or notary public to the designation of another person as Beneficiary. In the event that a Participant dies without a surviving Spouse and without having in effect at the time of his death a proper Beneficiary designation, his Beneficiary shall be his estate.

“ ***Board of Directors*** ” shall mean the board of directors of the Company.

“ ***Code*** ” shall mean the Internal Revenue Code of 1986, as amended from time to time. References to any section of the Code shall include any successor provision thereto and applicable regulations thereunder.

“ ***Company*** ” shall mean Olin Corporation and any successor thereto by merger, purchase or otherwise.

“ ***Company Contributions*** ” shall mean Matching Contributions, Performance Matching Contributions, Aegis Retirement Contributions and Monarch Retirement Contributions (if any).

“ ***Company Contribution Account*** ” shall mean, with respect to a Participant, that portion of the Participant’s Account that is attributable to Company Contributions (if any).

“ ***Company Stock*** ” shall mean shall mean the common stock of the Company constituting employer securities within the meaning of Code Section 409(1).

“ ***Compensation*** ” shall mean basic compensation paid to an Eligible Employee for regularly scheduled hours of work rendered to any Participating Employer, prior to reduction for any Tax Deferred Contributions or any salary reduction contributions made to a plan described in Section 125 of the Code. “Compensation” shall exclude any additional compensation such as shift differentials, overtime (other than overtime for hours that are deemed by a Participating Employer to be part of an Eligible Employee’s regularly scheduled hours of work), living and similar allowances and incentive compensation, such as amounts received from bonus plans and from the exercise of a stock appreciation right or stock option.

For Plan Years beginning on or after January 1, 1994, the maximum amount of annual Compensation that may be taken into account under the Plan shall not exceed $150,000, as adjusted for increases in the cost of living in accordance with Section 401(a)(17)(B) of the Code, as amended from time to time. The Compensation taken into account in determining allocations for any Plan Year beginning after December 31, 2001 shall not exceed $200,000, as adjusted for cost of living increases in accordance with section 401(a)(17)(B) of the Code. The cost-of-living adjustment in effect for a calendar year applies to any period (such as a Plan Year), not exceeding 12 months, beginning in such calendar year, over which compensation is determined (i.e., a determination period). If a determination period consists of fewer than 12 months, the Compensation limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is 12.

“ ***Current Market Value*** ,” shall mean:

(I) on any day

(A) as applied to transactions involving Company Stock,

(i) if shares of Company Stock are sold, the weighted average net share price the Trustee receives for all shares sold on a given date, or, if not all directions to sell can be fully executed on a given date, then the weighted average net share price received over the period necessary to fully execute such direction to sell (the last day of such period being referred to as the “settlement date”), which average shall be based on the average net proceeds per share sold on each day a sale is made in accordance with the direction to sell until the entire amount directed as of the given date to be sold has been sold.

(ii) if shares of Company Stock are purchased (and subparagraph iii is inapplicable), the weighted average price per share (including commissions and other expenses, if any) the Trustee pays for all shares on the date of the purchase, or, if not all directions to purchase can be fully executed on a given date, then the weighted average share price paid over the period necessary to fully execute such direction to purchase (including commissions and other expenses, if any), which shall be based on the average price per share (including commissions and other expenses, if any) paid on each day a purchase is made in accordance with the direction to purchase until such direction has been fully executed.

(iii) if shares of Company Stock are purchased directly from the Company or directly contributed by the Company, whether such shares are treasury stock, authorized and previously unissued shares, or shares previously issued and repurchased by the Company, then the purchase price (or contribution value) shall be the weighted average price per share that the Trustee would pay for shares purchased on the open market (as of the date that contributions are wired to the Trustee, in the case of Participant directed investments); expressly provided, however, that no commissions shall be charged with respect to such purchases (or contributions) and if there are no open market purchases made by the Trustee on such date, then the purchase price per share (or contribution value per share) for such stock shall be the average of the high and low price for Company Stock as reported on the New York Stock Exchange consolidated transaction reporting system on such date.

Directions to purchase and sell shall be batched and delivered to the Trustee on a daily basis, and the net proceeds from actual purchases and sales will be applied to satisfy the oldest batch of outstanding trade directions on a “first in, first out” basis.

(B) as applied to transactions involving other investments permitted under the terms of the Plan, the closing market price as reported by the National Association of Securities Dealers, the New York Stock Exchange consolidated transaction reporting system or such other third-party reporting system or pricing source as the Trustee shall determine is appropriate for the applicable investment

(i) if the recordkeeper receives a direction to buy or sell by 4 p.m. Eastern Time (or such other time established by the record keeper from time to time or for a particular date) on a day the markets are open, on the date the order is received, or

(ii) if the recordkeeper receives an order to buy or sell after such time or the markets are not open on the date on which the instruction is received, as of the next succeeding business date.

(C) for reporting purposes (which includes, but is not limited to, reports provided via Participant Account statements, and the online reporting system (if any) or voice response system (if any) of the recordkeeper), the closing market price of the particular investment, as reported by the applicable third-party reporting system or pricing source, provided, however, that if the last day of the reporting period is not a business day, then the closing market price as of the most recent preceding business day shall be used. Notwithstanding the foregoing,

(i) if a Participant directs that some or all of the Company Stock in his account be sold, the net proceeds of the sale will be credited to his Account, and his Account shall be updated, as of the settlement date based on the Current Market Value described in subparagraph (A)(i) above;

(ii) if a Participant directs the purchase of Company Stock for his account, the Company Stock will be credited to his Account, and his Account shall be updated, as of the settlement date based on the Current Market Value described in subparagraph (A)(ii) above; and

(iii) any transfer of assets into, or out of, other Funds, related to a purchase or sale of Company Stock, will not be effected until the settlement date of such transaction.

“ ***Earnings*** ” shall mean compensation as set forth in Section 414(s) of the Code prior to reduction for any Tax Deferred Contributions or any salary reduction contributions made to a plan described in Section 125 of the Code. For Plan Years beginning on or after January 1, 1994, the maximum amount of Earnings that may be taken into account under the Plan shall not exceed $150,000, as adjusted for increases in the cost of living in accordance with Section 401(a)(17)(B) of the Code, as amended from time to time (i.e., $150,000 through December 31, 1996, $160,000 during each of 1997 through 1999, and $170,000 for 2000 and 2001). The Earnings taken into account for any Plan Year beginning after December 31, 2001, shall not exceed $200,000, as adjusted for cost of living increases in accordance with section 401(a)(17)(B) of the Code. The cost-of-living adjustment in effect for a calendar year applies to any period (such as a Plan Year), not exceeding 12 months, beginning in such calendar year, over which compensation is determined (i.e., a determination period). If a determination period consists of fewer than 12 months, the Earnings limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is 12.

“ ***Effective Date*** ” of the original plan shall mean July 1, 1964. The Effective Date of this Restatement (the “Restatement Effective Date”) is December 1, 2003 except as otherwise expressly provided herein.

“ ***Eligible Employee*** ” shall mean any person who is employed (including any officer or director who is also an employee) by and as such is enrolled on the active payroll of a Participating Employer, provided such Employee is also either (i) performing services in the United States or (ii) a citizen of the United States performing services outside the United States at the request of a Participating Employer.

Such term shall not include (unless otherwise determined by the Company) (1) employees of a plant owned by the United States government and operated for the government by a Participating Employer; (2) Employees included in a collective bargaining unit with which an agreement has not been signed respecting the Plan; or (3) any other person who is not considered to be an Employee of the Company or an Affiliated Company by such entity. In all cases of doubt, the Administrative Committee shall decide whether a person is an Eligible Employee as defined herein. In no event shall an individual who is leased from an organization that is not an Affiliated Company to an Affiliated Company and is a Leased Employee be treated as an Eligible Employee for purposes of this Plan. An Eligible Employee shall not include for any purpose of the Plan any independent contractor or Leased Employee who performs services for the Company, Affiliated Company or Participating Employer, or any other individual performing services who is not treated or classified as an employee by the Company, Affiliated Company or Participating Employer, even if a court, administrative agency or other entity determines that such individual is a common law employee.

“ ***ERISA*** ” shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time. References to any section of ERISA shall include any successor provision thereto and any applicable regulations thereunder. Any term or phrase defined in ERISA shall, if used herein, be given the same meaning assigned to it by ERISA unless a different meaning is plainly required by the context.

“ ***ESOP*** ” shall mean the employee stock ownership plan component of the Plan.

“ ***ESOP Account*** ” shall mean that portion of the Account which, with respect to any Participant with benefits accrued during periods of service for a Participating Employer, is attributable to his Taxed Contributions, Company Contributions and other amounts subject to Code Section 401(m) restrictions that are contributed by his Participating Employer.

“ ***ESOP Loan*** ” shall mean a loan (or other extension of credit) used by the Trustee to finance the acquisition of Company Stock pursuant to Article IV or to refinance an ESOP Loan.

“ ***Five Percent Shareholder*** ” shall mean a person who owns (or is considered to own within the meaning of Section 318 of the Code) more than five percent of the outstanding stock or stock possessing more than five percent of the total combined voting power of all stock of a Participating Employer.

“ ***Former Participant*** ” shall mean any Eligible Employee who participates in the Plan pursuant to Article II, who is no longer employed by an Affiliated Company and who still has an Account under the Plan.

“ ***Fund*** ” shall mean the various investment funds available under the Plan.

“ ***Highly Compensated Employee*** ” shall mean an Eligible Employee who:

(i) was a Five Percent Shareholder during the Plan Year or the previous Plan Year; or

(ii) had Earnings in excess of $80,000 for the previous Plan Year and, effective for Plan Years beginning on and after January 1, 2001, was in the group consisting of the top 20% of Employees when ranked on the basis of compensation paid during such previous Plan Year. The foregoing dollar threshold in (ii), above, shall be adjusted at the same time and in the same manner as the dollar limit on benefits under a defined benefit plan is adjusted pursuant to Section 415(d) of the Code The dollar threshold for a particular look back year is based on the dollar threshold in effect for the calendar year in which the look back year begins. A former Eligible Employee shall be considered a Highly Compensated Employee if he was a Highly Compensated Employee either for the Plan Year in which his separation from service began or for any Plan Year ending on or after the former Eligible Employee’s 55th birthday. The determination of who is a Highly Compensated Employee will be made in accordance with Section 414(q) of the Code and the regulations thereunder.

“ ***Hour of Service*** ” shall mean any hour for which an employee is directly or indirectly paid, or entitled to payment by the Company or another Affiliated Company for the performance of duties.

“ ***Investment Committee*** ” shall mean the committee described in Section 12.02.

“ ***Leased Employee*** ” shall mean any person (other than an employee of the recipient) who pursuant to an agreement between the recipient and any other person (“leasing organization”) has performed services for the recipient (or for the recipient and related persons determined in accordance with section 414(n)(6) of the Code) under the primary direction or control of the recipient on a substantially full-time basis for a period of at least one year.

Contributions or benefits provided for a Leased Employee by the leasing organization that are attributable to services performed for the recipient employer shall be treated as provided by the recipient employer. A Leased Employee shall not be considered an employee of the recipient if: (i) such employee is covered by a money purchase pension plan providing: (1) a nonintegrated employer contribution rate of at least ten percent (10%) of compensation, as defined in section 415(c)(3) of the Code, but including amounts contributed by the employer pursuant to a salary reduction agreement which are excludable from the employee’s gross income under section 125, section 402(a)(8), section 402(h) or section 403(b) of the Code, (2) immediate participation, and (3) full and immediate vesting; and (ii) leased employees do not constitute more than 20 percent (20%) of the recipient’s Non-Highly Compensated Employee workforce.

“ ***Matching Contribution*** ” shall mean a matching contribution (within the meaning of Code Section 401(m)) made by a Participating Employer on behalf of a Participant with respect to Tax Deferred Contributions and Taxed Contributions, and allocated to a Participant’s Company Contribution Account pursuant to Section 5.03.

“ ***Monarch Retirement Contributions*** ” shall mean those retirement contributions made by the Monarch Brass & Copper Corporation, a subsidiary of Olin Corporation, and its affiliates (collectively known as “Monarch”) on behalf of certain collectively bargained Employees under Section 3.04(d) of the Plan, with respect to each fiscal year coinciding with (or ending within) a Plan Year, which are allocated to the Monarch Retirement Contribution Accounts of eligible collectively bargained Employees in accordance with the formula contained in Section 5.05 of the Plan.

“ ***Monarch Retirement Contribution Account*** ” shall mean with respect to an eligible Participant employed by Monarch, that portion of his Account attributable to Monarch Retirement Contributions.

“ ***Non-Highly Compensated Employee*** ” shall mean an Eligible Employee who is not a Highly Compensated Employee.

“ ***Olin Common Stock Fund*** ” means the Fund under the Plan that is invested primarily in Company Stock, accounted for through units of participation prior to March 1, 2001, and on and after March 1, 2001, though shares of Company Stock.

“ ***Participant*** ” shall mean any Active Participant or Former Participant (where applicable).

“ ***Participating Employer*** ” shall mean the Company, and any other Affiliated Company which has been designated a Participating Employer herein and which has adopted this Plan. As a condition of participation in the Plan, each Participating Employer, including, without limitation, Monarch Brass & Copper Corporation, and each Affiliated Company of the Company and Monarch, shall be deemed to have authorized the Company and the named fiduciaries to act for it in all matters arising under or with respect to the Plan, including the right of the Company to amend the Plan for all Participating Employers, and shall be deemed to have agreed to comply with such other terms and conditions concerning the Plan as may be imposed by such entities.

“ ***Performance Matching Contribution*** ” shall mean a matching contribution (within the meaning of Code Section 401(m)) made by a Participating Employer on behalf of a Participant with respect to Tax Deferred Contributions and Taxed Contributions, and allocated to a Participant’s Company Contribution Account pursuant to Section 5.04.

“ ***Period of Continuous Service*** ” shall mean:

(a) prior to July 1, 1976, the Participant’s period of continuous participation in the Plan to July 1, 1976, and the waiting period in effect with respect to such Participant; and

(b) from July 1, 1976, the aggregate period or periods beginning on July 1, 1976, or the date on which the Participant is first credited with an Hour of Service (or his reemployment commencement date), if later, and ending on his next following Severance from Service Date. In addition, effective July 1, 1976, (i) if an individual incurs a Severance from Service Date as the result of a voluntary termination, discharge or retirement and he returns to service within 12 months of his Severance from Service Date, or (ii) if during an absence from service for any reason other than a voluntary termination, discharge or retirement, he incurs a Severance from Service Date as the result of a voluntary termination, discharge or retirement and he returns to service within 12 months of the date on which he was first absent from service, the period during which he is absent from service shall be included in his Period of Continuous Service.

If an individual incurs a Period of Severance, his Period of Continuous Service shall not include his service prior to such Period of Severance if (a) the individual was not vested in any portion of his Company Contribution Account and the Period of Severance equaled or exceeded the greater of five years or his prior Period of Continuous Service or (b) the individual does not complete a one year Period of Continuous Service after his reemployment commencement date. In addition, any period ending on or before July 1, 1985 that was disregarded as of that date under the break in service provisions in effect immediately prior to such date shall also not be included in the Participant’s Period of Continuous Service. Under such rules and conditions which shall be uniform in their nature and application to all Participants similarly situated, a Period of Continuous Service may be credited by the Administrative Committee during a period of absence from service.

With respect to Participants employed by Monarch on June 8, 2001 when Olin acquired the Monarch Brass and Copper Company, Periods of Continuous Service under this Plan shall include all service credited to Participants under the terms of the stock bonus plans of Monarch, as of the date of its acquisition by the Company.

In the event an individual who was a Leased Employee within the meaning of Section 414(n)(2) of the Code becomes an Eligible Employee and an Affiliated Company was the recipient of such individual’s services as a Leased Employee, his prior employment as a Leased Employee shall be credited as part of his Period of Continuous Service.

Effective for reemployments commencing on or after December 12, 1994, service credit with respect to qualified military service will be provided in accordance with section 414(u) of the Code. Accordingly, if an Employee in qualified military service returns to employment with the Company during the time that his re-employment rights are protected, then he shall receive credit for Periods of Continuous Service for the period of his qualified military service. Such Employee shall be permitted to make up Tax Deferred Contributions or Taxed Contributions with respect to the period of his qualified military service, within a time period not exceeding the lesser of (I) three times the length of his qualified military leave or (II) five years. If the Employee makes up such contributions on a timely basis, then the Company shall make-up any related Company Contributions.

With respect to unpaid family and medical leave, contributions, benefits and service credit will be provided in accordance with 29 CFR Section 825.215, effective for leaves commencing on or after August 5, 1993. During an unpaid medical or family leave under the FMLA, the Participant shall not incur any Break in Service, and shall receive credit for Periods of Continuous Service.

" ***Period of Severance*** " shall mean the period of time commencing on an individual's Severance from Service Date and ending on the date on which he again performs an Hour of Service.

" ***Plan*** " shall mean the Olin Corporation Contributing Employee Ownership Plan (known prior to June 12, 1989, as the Olin Employee Incentive Thrift Plan), as set forth herein and as amended from time to time.

" ***Plan Year*** " shall mean the twelve-month period from January 1 through December 31.

" ***Prior Plan*** " means the Olin Corporation Contributing Employee Ownership Plan, prior to its restatement into this Plan.

" ***QDRO*** " shall mean a domestic relations order that is determined to be a qualified domestic relations order, as defined in Section 414(p)(1) of the Code.

" ***Regulations*** " shall mean the regulations and other interpretive procedures and bulletins issued pursuant to ERISA or the Code.

" ***Required Beginning Date*** " shall mean, effective as of January 1, 1997, April 1st of the calendar year following the later of the calendar year in which the Participant (1) attains age 70 1/2 or (2) terminates employment; provided however that

(a) with respect to any Five Percent Owner, the "Required Beginning Date" shall be determined without regard to clause (2) above, and

(b) with respect to any Active Participant who reached age 70 ½ during 1996, 1997 or 1998, such Participant's Required Beginning Date shall be April 1 of the calendar year following the year in which the Participant reaches age 70 ½, unless the Participant elects to defer the commencement of his benefits until his actual retirement.

(c) A Participant is a "Five Percent Owner" if such Participant is a 5 percent owner as defined in Code Section 416(i) at any time during the Plan Year ending with or within the calendar year in which such owner reaches age 66 1/2 or in any subsequent Plan Year.

" ***Retirement*** " shall mean retirement under any retirement plan of a Participating Employer on or after the attainment of age 55 or termination of employment for any reason of an Active Participant who is entitled to a fully vested retirement allowance under any retirement plan of a Participating Employer.

" ***Severance from Service Date*** " shall mean the earlier of (a) the date the employee quits, is discharged, retires, or dies and (b) the first anniversary of the first date of a period in which an employee remains absent from service for any other reason. Notwithstanding the foregoing, if the employee has been granted a leave of absence or layoff and the date of termination of such leave or layoff occurs after the first anniversary of his absence from service under clause (b) above, such termination date will be the Severance from Service Date. Effective for reemployments commencing on or after December 12, 1994, service credit with respect to qualified military service will be provided in accordance with section 414(u) of the Code.

In the event an employee is absent from service beyond the first anniversary of the first date of absence occurring;

(a) as a result of the pregnancy of the employee, the birth of a child of the employee, the placement of a child with the employee by reason of adoption or for purposes of caring for a child of the employee immediately following the child's birth or adoption, or

(b) on or after January 1, 1993, by reason of the placement of a child with the Employee in connection with the foster care of any such child by the Employee, for the purposes of caring for any such child during the period immediately following such child's foster care placement, because the employee is needed to care for a family member with a serious health condition, or because the employee's own serious health condition makes the employee unable to perform the functions of his job, then a Severance from Service Date shall not occur until the second anniversary of the separation from service.

The period between the first and second anniversary of the first date of such absence from service shall not count either as a Period of Continuous Service or a Period of Severance.

" ***Spouse*** " shall mean the individual to whom a Participant is validly married, as evidenced by a marriage certificate issued in accordance with state law. Common law marriages shall not be recognized under the Plan, and no individual shall be or become entitled to benefits under this Plan solely on account of a common law marriage.

" ***Tax Deferred Contribution Account*** " shall mean, with respect to any Participant, that portion of his Account that is attributable to (a) Tax Deferred Contributions made on his behalf, (b) any qualified non-elective or qualified matching contributions treated as Tax Deferred Contributions under Section 3.02, and (c) Rollover Contributions and prior plan transfers to the extent they are attributable to pre tax contributions made on behalf of the Participant.

" ***Tax Deferred Contributions*** " shall mean employer contributions made to the Plan at the election of a Participant, in lieu of unreduced compensation, pursuant to a salary reduction agreement or other deferral mechanism, as provided in Section 3.01.

" ***Taxed Contribution Account*** " shall mean, with respect to any Participant, that portion of his Account attributable to (a) his Taxed Contributions (plus any qualified non-elective contributions treated as Taxed Contributions, if any), and (b) prior plan transfers to the extent they are attributable to after tax contributions made by the Participant.

" ***Taxed Contributions*** " shall mean employee voluntary after-tax contributions made to the Plan by a Participant as provided in Section 3.03.

" ***Total and Permanent Disability*** " shall mean a disability incurred by a Participant, who as a result of such disability, is eligible to receive total and permanent disability benefits under a plan providing longterm disability benefits maintained by a Participating Employer, or if not eligible to participate in such a plan at the time of the purported disability, is receiving disability benefits under the Social Security Act or is unable to perform or be trained for any job for which the Participant is reasonably suited or for which he is qualified by education, training or experience. Any question as to whether a Participant is, or continues to be, Totally and Permanently Disabled shall be determined by the Administrative Committee.

" ***Trust Agreement*** " shall mean the agreement or agreements between the Company and the Trustee, as amended from time to time, pursuant to which the Plan is funded.

“ ***Trustee*** ” shall mean the trustee or trustees acting as such under the Trust Agreement or Trust Agreements in effect from time to time.

“ ***Valuation Date*** ” shall mean each date on which Current Market Value is determined.

“ ***Year of Service*** ” shall mean any 12 month Period of Continuous Service.

ARTICLE II

PARTICIPATION

2.01 On the Restatement Effective Date . Any Eligible Employee who was an Active Participant in the Plan immediately prior to its restatement, shall be an Active Participant in the restated Plan on its Restatement Effective Date, provided he is still an Eligible Employee.

2.02 After the Restatement Effective Date . Any other Eligible Employee may become an Active Participant as soon as practicable after completing the enrollment procedure prescribed by the Administrative Committee without satisfying a waiting period.

(a) Eligibility Requirement for Aegis Retirement Contribution. Aegis Employees shall be entitled to Aegis Retirement Contributions only if they have completed at least one Year of Service by December 31 of the year with respect to which a contribution is being made.

(b) Eligibility Requirement for Monarch Retirement Contribution. Monarch Employees shall be entitled to Monarch Retirement Contributions only if they have completed at least one Year of Service by December 31 of the year with respect to which a contribution is being made, including service with Monarch prior to its acquisition by the Company.

ARTICLE III

CONTRIBUTIONS

3.01 Tax Deferred Contributions

(a) Subject to the provisions of this Section 3.01 and Section 3.02, each Active Participant may elect to have his Compensation reduced by from 1% to 15% (in whole integers) during the period in which such Compensation is paid and have that amount contributed to the trust fund by his Participating Employer on his behalf. Effective with respect to deferrals made on or after January 1, 2002, the 15% limit shall no longer apply to Active Participants who are Non-Highly Compensated Employees. At any time, the Administrative Committee may reduce the rate of future Tax Deferred Contributions to be made on behalf of Active Participants who are Highly Compensated Employees in order to satisfy the test described in Section 3.02. If the Compensation of an Active Participant is changed, the dollar amount of his Tax Deferred Contributions will automatically be changed so that the percentage elected is not changed.

(b) In no event shall the Tax Deferred Contributions when added to all other elective deferral contributions (within the meaning of Code Section 402(g)(3)) made on behalf of any Active Participant under any plan maintained by an Affiliated Company for any calendar year exceed the maximum dollar amount as determined by the Commissioner of Internal Revenue pursuant to Code Section 402(g) for such calendar year (i.e., $10,500, 2000 and 2001 $11,000 for 2002, $12,000 for 2003, $13,000 for 2004, $14,000 for 2005 and $15,000 for 2006). In the event the foregoing dollar limitation is exceeded for any calendar year, the excess Tax Deferred Contributions, plus the pro rata share of income and losses thereon, determined as of the distribution date in accordance with regulations issued by the Secretary of the Treasury, shall be distributed to the Participant on whose behalf such contribution was made by April 15 of the following calendar year.

(c) An Active Participant eligible to have Tax Deferred Contributions made on his behalf may elect to completely suspend such contributions or to change the percentage of the reduction in his Compensation; provided, however, that such suspension or change will not take effect until the Active Participant’s next pay period following the recordkeeper’s receipt of such instruction.

(d) Tax Deferred Contributions for any month will be paid by the Active Participant’s Participating Employer to the trust fund as soon as feasible after the end of each pay period, but in no event later than fifteen (15) business days following the end of the month with respect to which such amounts are withheld.

(e) Effective with respect to Tax Deferred Contributions made in Plan Years commencing on or after January 1,2002. and notwithstanding the limitations in Section 3.01(b) above, all Employees eligible to make Salary Reduction Contributions who have attained age 50 before the close of the Plan Year shall be eligible to make Catch-up Contributions in accordance with and subject to the limitations of section 414(v) of the Code (i.e., for 2002 the “applicable dollar limit” is $1,000, $2,000 for 2003, $3,000 for 2004, $4,000 for 2005, and $5,000 for 2006 and thereafter). Such Catch-up Contributions shall not be taken into account for purposes of the provisions of the Plan implementing the required limitations of Sections 402(g) and 415 of the Code. The Plan shall not be treated as failing to satisfy the provisions of the Plan implementing the requirements of section 401(k)(3), 401(k)(1l), 401(k)(12), 410(b) or 416 of the Code, as applicable, by reason of the making of such Catch-up Contributions. Catch-up Contributions shall be treated as Tax Deferred Contributions and shall be allocated to Active Participants’ Tax Deferred Contribution Accounts. Such additional “catch-up” contributions shall be unmatched, unless the Active Participant has not already contributed the amount necessary to entitle him to the maximum Matching Contribution under Section 5.03, in which case such “catch-up” contributions shall be matched up to the maximum specified in Section 5.03. Catch-up Contributions shall not be considered Salary Reduction Contributions for purposes of the Average Deferral Percentage test of Section 3.02 of the Plan. The extent to which an Active Participant’s Tax Deferred Contributions are characterized as catch-up contributions, rather than Taxed Contributions, or Excess Contributions otherwise subject to .the various Plan and Code limitations, shall be determined by the Administrative Committee as of the end of the Plan Year, in accordance with Code Section 414(v) and regulations issued thereunder.

3.02 Limitation on Tax Deferred Contributions . The Administrative Committee shall make the following determinations separately with respect the Bargaining Unit Employees and Non-Bargaining Unit Employees.

(a) If the Tax Deferred Contributions (plus any qualified non-elective or qualified matching contributions treated as Tax Deferred Contributions) made on behalf of the Highly Compensated Employees for any Plan Year are in excess of the amount permitted under the following provisions for such Highly Compensated Employees, such excess contributions plus the pro rata share of income and losses thereon determined as of the distribution date in accordance with regulations issued by the Secretary of the Treasury shall be distributed to such Highly Compensated Employees by the end of the following Plan Year and, if possible, before the close of the first two and one half months of the following Plan Year. Alternatively, with respect to such Plan Year, the Company may, in its discretion, make qualified non-elective and qualified matching contributions, as defined in Treas. Reg. Section 1.401(k)-1(g)(13), subject to the requirements for full vesting and the Code Section 401(k) withdrawal restrictions, as may be necessary for the following provisions of this section to be satisfied. Any qualified non-elective and qualified matching contributions treated as Tax Deferred Contributions for purposes of satisfying the provisions of this section shall not be taken into account for purposes of satisfying the average contribution percentage test of Code Section 401(m) as provided in Section 3.05 hereof.

(b) All or a portion of the Tax Deferred Contributions (plus any qualified non-elective or qualified matching contributions treated as Tax Deferred Contributions) for Highly Compensated Employees shall be deemed to be excessive for the then current Plan Year if the Actual Deferral Percentage for such Highly Compensated Employees exceeds the greater of (i) or (ii) below:

(i) the product of the Actual Deferral Percentage for all Eligible Employees (other than Highly Compensated Employees) who are eligible to have Tax Deferred Contributions made on their behalf multiplied by 1.25, or

(ii) the product of the Actual Deferral Percentage for all Eligible Employees (other than Highly Compensated Employees) who are eligible to have Tax Deferred Contributions made on their behalf multiplied by 2.0; provided, however, that the product described in this clause (ii) shall be limited to the sum of the Actual Deferral Percentage for all Eligible Employees (other than Highly Compensated Employees) plus two percentage points.

(c) In the event any portion of a Participant’s Tax Deferred Contributions are distributed pursuant to Section 3.01(b) as a result of the dollar limit applicable to Tax Deferred Contributions pursuant to Code Section 402(g), (i) any excess contributions required to be distributed pursuant to Section 3.02(b) shall be reduced by the amount of such excess deferrals and (ii) such Participant’s Actual Deferral Percentage shall be determined before such excess deferral is distributed if the Participant is a Highly Compensated Employee.

(d) Notwithstanding the foregoing, the Administrative Committee may, in its discretion, permit a Participant with excess contributions that would otherwise be distributed pursuant to Section 3.02(b), above, to elect to have all or part of such excess contribution recharacterized as a Taxed Contribution; provided, however, that (i) such recharacterization shall occur within 2 1/2 months after the close of the Plan Year to which the excess contribution relates; (ii) the recharacterized amounts shall be reported by the Company as includible in the Participant’s taxable income as of the earliest date any Tax Deferred Contribution made on behalf of the Participant during the Plan Year would have been received by the Participant but for the Participant’s election to defer; (iii) the recharacterized amount shall continue to be treated as an employer contribution for purposes of the deduction rules of Code Section 404, the annual additions limits of Code Section 415 and certain other purposes stated in Treas. Reg. Section 1.401(k)-1(f)(3)(ii); (iv) the recharacterized amounts shall continue to be subject to the distribution and nonforfeitability rules applicable to Tax Deferred Contributions and other elective contributions under Code Section 401(k); (v) the recharacterized amounts shall be taken into account for purposes of the average contribution percentage test of Code Section 401(m), as provided in Section 3.05 of the Plan; and (vi) the election to recharacterize shall be subject to such uniform, generally applicable administrative procedures as determined by the Administrative Committee. For Plan Years commencing on or after January 1, 2002, the Administrative Committee may in its discretion recharacterize Excess Tax Deferred Contributions that would otherwise be distributed pursuant to this Section 3.02 as Catch-up Contributions in accordance with Section 3.01(e) hereof and section 414 (v) of the Code, provided that the applicable dollar amount has not already been met for the calendar year.

(e) The amount of Tax Deferred Contributions to be distributed pursuant to paragraph (a) above shall be determined by making the following adjustments to the Tax Deferred Contributions for Participants who are Highly Compensated Employee so that after adjustment one of the two tests of paragraph (b), above, is met and the excess Tax Deferred Contributions have been reduced to zero.

(i) Each Participant who is a Highly Compensated Employee, beginning with the Participant having the highest dollar deferral, shall have Tax Deferred Contributions in excess of the permissible deferral percentage limits ("Excess Contributions") returned to such Participant (together with income or loss allocable thereon) until such Participant's Tax Deferred Contributions are reduced to the dollar amount of the Tax Deferred Contributions of the Highly Compensated Employee with the next highest dollar amount of Tax Deferred Contributions and continuing in descending order with the next Highly Compensated Employee with the next highest dollar deferral, until one of the tests described in paragraph (b) is satisfied. If such amounts are distributed more than two and one-half (2-1/2) months after the last day of the Plan Year in which the excess arose, a ten percent (10%) excise tax will be imposed on the Company. Such distributions shall be made to Highly Compensated Employees on the basis of the respective portions of the Excess Contributions attributable to each such Employee. Determination of income or loss for Excess Contributions up to the date of distribution shall be made in the same manner as income or loss for excess Tax Deferred Contributions that exceed the limit of Code Section 402 (g).

(ii) Excess Contributions shall be determined under the following procedures:

(1) calculate the dollar amount of Excess Contributions for each affected Highly Compensated Employee as follows:

(A) Rank all Highly Compensated Employees in descending order based on their Actual Deferral Percentage and then reduce the Actual Deferral Percentage of the Highly Compensated Employee with the highest Actual Deferral Percentage by the amount required to cause such Highly Compensated Employee's Actual Deferral Percentage to equal the Actual Deferral Percentage of the Highly Compensated Employee with the next highest Actual Deferral Percentage (or, if less, by the reduction necessary to enable the Plan to satisfy one of the two tests described in paragraph (b), above);

(B) Repeat the process in (A) above with respect to all Highly Compensated Employees with the next highest Actual Deferral Percentage, until the Plan satisfies one of the two tests described in paragraph (b), above, and the highest permitted Actual Deferral Percentage is determined;

(C) The amount of Excess Contributions for each Highly Compensated Employee shall be an amount equal to such Highly Compensated Employee's Tax Deferred Contributions (plus any qualified nonelective contributions or qualified matching contributions taken into account in determining such Highly Compensated Employee's Actual Deferral Percentage prior to applying (A) and (B) above), minus an amount determined by multiplying such Highly Compensated Employee's Actual Deferral Percentage, determined after applying (A) and (B) above, by the Compensation used in determining such Highly Compensated Employee's Actual Deferral Percentage;

(2) Determine the total of the dollar amounts (total Excess Contributions) calculated in Step (1);

(3) Distribute the total Excess Contributions determined in (2) above as follows:

(A) Rank all Highly Compensated Employees in descending order based on the dollar amount of their Tax Deferred Contributions and reduce the Tax Deferred Contributions of the Highly Compensated Employee with the highest dollar amount of Tax Deferred Contributions by the amount required to cause that Highly Compensated Employee's Tax Deferred Contributions to equal the dollar amount of the Tax Deferred Contributions of the Highly Compensated Employee with the next highest dollar amount of Tax Deferred Contributions.

(B) Distribute the amount determined in (A) above to the Highly Compensated Employee with the highest dollar amount until all Excess Contributions are consumed, or until the Tax Deferred Contributions of this Participant are reduced to the dollar amount of the Highly Compensated Employee with the next highest dollar amount of Tax Deferred Contributions;

(4) If the total amount distributed under (3) above is less than the Total Excess contributions, repeat step (3).

(iii) Notwithstanding the foregoing, the amount of Excess Contributions to be distributed under this Section 3.02(e) with respect to a Highly Compensated Employee for a Plan Year is reduced by any excess deferrals previously distributed to such Employee for the Employee's taxable year ending with or within the Plan Year, and the amount of excess deferrals to be distributed under this Section 3.02(e) with respect to a Highly Compensated Employee for a Plan Year is reduced by any Excess Contributions previously recharacterized or distributed to such Employee for the Employee's taxable year ending with or within the Plan Year.

In the event a Participant's Tax Deferred Contributions are distributed to the Participant pursuant to Section 3.01 as a result of being in excess of the dollar limitation applicable to such contributions or pursuant to this Section 3.02, the value of any related matching contribution (within the meaning of Code Section 401(m)) plus the pro rata share of income and losses thereon, determined in accordance with regulations issued by the Secretary of the Treasury, shall be forfeited by the Participant.

In the event this Plan must be combined with one or more plans in order to satisfy the requirements of Sections 401(a)(4) or 410(b) of the Code (other than the average benefits test described in Code Section 401(b)(2)(A)(ii)), then all cash or deferred arrangements subject to Code Section 401(k) that are included in such plans shall be treated as a single arrangement for purposes of this Section 3.02.

3.03 Taxed Contributions .

(a) Subject to the provisions of Section 3.05, an Active Participant may elect to contribute Taxed Contributions to the trust fund by authorizing monthly payroll deductions of from 1% to 18% (in whole integers) of his Compensation. An Active Participant's Taxed Contributions may not exceed the difference between (i) 18% of his Compensation and (ii) the percentage of his Compensation contributed as a Tax Deferred Contribution; expressly provided, however that with respect to Taxed Contributions made on and after January 1, 2002, the 18% limit shall no longer apply to Participants who are Non-Highly Compensated Employees. At any time, the Administrative Committee may reduce the rate of future Taxed Contributions to be made by Highly Compensated Employees in order to satisfy the test described in Section 3.05. If the Compensation of an Active Participant is changed, the dollar amount of his Taxed Contributions will automatically be changed so that the percentage elected is not changed.

(b) An Active Participant may elect to completely suspend such contributions or to change the percentage of his Taxed Contributions; provided, however, that such suspension or change will not take effect until the Active Participant's next pay period following the recordkeeper's receipt of such instruction.

(c) Taxed Contributions for any month will be paid by the Active Participant's Participating Employer to the trust fund as soon as feasible after the end of each pay period but in no event later than fifteen (15) business days following the end of the month with respect to which such amounts are withheld.

3.04 Employer Contributions . Notwithstanding anything in the Plan to the contrary, no Matching Contribution shall be made with respect to Tax Deferred Contributions and Taxed Contributions made by salaried Active Participants on and after January 1,2003 pursuant to Section 3.04(a) or (b) hereof.

(a) Participating Employer Contributions.

(i) [Reserved]

(ii) Required Matching Contributions. Each Participating Employer shall contribute an amount sufficient to provide the allocations described in Section 5.03(a) and 5.04(a) with respect to its Active Participants. Effective October 17, 2003, such contributions shall be made in cash, provided, however, that the Company may still make such contribution in Company Stock for those Participants who elect to invest in the Olin Common Stock Fund. Such contributions shall not be made on behalf of collectively bargained Employees, including without limitation those employed by Monarch and its affiliates, unless otherwise provided pursuant to collective bargaining. An Active Participant's entitlement to receive an allocation of Performance Matching Contributions under Section 5.04 with respect to a Plan Year shall be based on the Performance Matching formula applicable to such Participant determined by the identity of his Participating Employer as of the end of the Plan Year with respect to which the allocation is being made. In the event that such Participant's matched Tax Deferred Contributions are later recharacterized as Catch-up Contributions, and the Participant is not entitled to a Company Contribution on such Catch-Up Contributions in accordance with Section 3.01(e), the related Company Contributions (and earnings thereon), if any, shall be forfeited by such Participant, to the extent then forfeitable.

(iii) Additional Discretionary Matching Contributions. With respect to a Plan Year and subject to the applicable Code limits, each Participating Employer may make such additional discretionary Matching Contributions for the benefit of its Active Participants, in cash, (provided, however, that the Company may make such contributions in Company Stock for those Participants who elect to invest in the Olin Common Stock Fund) as the Company shall, in its discretion determine, with such contribution being allocated to its Active Participants in the same manner as the Matching Contributions provided for in Section 5.03(a). Such contributions shall not be made on behalf of collectively bargained Employees, including without limitation those employed by Monarch and its affiliates, unless otherwise provided pursuant to collective bargaining.

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(b) [Reserved.]

(c) Aegis Retirement Contributions. With respect to each fiscal year coinciding with, or ending within a Plan Year in which it has a net operating profit, beginning with the 1996 Plan Year, Aegis shall make a service weighted contribution in cash on behalf of each Employee who (i) is employed by Aegis, (ii) has completed one Year of Service by December 31 of the year with respect to which the contribution is to be made, and (iii) has completed One Thousand Hours of Service in such year. This Aegis Retirement Contribution shall be allocated to such eligible Aegis Active Participants, in accordance with a service weighted formula set forth in Section 5.05, regardless of whether they contribute Tax Deferred or Taxed Contributions under the Plan.

(d) Monarch Retirement Contributions. With respect to each fiscal year coinciding with, or ending within a Plan Year, beginning with the 2001 Plan Year, Monarch shall make a contribution to this Plan in cash equal to five percent (5%) of the Compensation (including Compensation earned from January 1, 2001 to the date of the acquisition of Monarch Brass and Copper Company by the Company as well as Compensation earned thereafter) of each eligible collectively bargained Employee who (i) is employed by Monarch Brass and Copper Company, Waterbury Rolling Mills, Inc. or the New Haven Copper Company on the last day of the Plan Year or who terminates during such Year on account of retirement on or after Normal Retirement Date, death, or Total and Permanent Disability, (ii) completes one Year of Service by December 31 of the Year with respect to which the contribution is to be made (including prior service with Monarch and its affiliates prior to their acquisition by the Company), and (iii) has completed One Thousand Hours of Service in such year. In addition, with respect only to the year in which Monarch Brass and Copper Company and its affiliates were acquired by the Company, Monarch shall make a contribution to the Plan in cash equal to five percent (5%) of the Compensation paid from January 1, 2001 through May 31, 2001 of salaried Employees who satisfy the requirements of (d)(i), (ii) and (iii) above. The Monarch Retirement Contribution shall be allocated to each such eligible Monarch Active Participant in accordance with the provisions of Section 5.06, regardless of whether such Participant makes Tax Deferred or Taxed Contributions under the Plan. With respect to the 2001 Plan Year only, Monarch's obligation under this subsection (d) shall be reduced to the extent that it made some portion or all of the five percent (5%) contribution under the terms of its stock bonus plans, which were merged into this Plan as of September 1, 2001.

3.05 Limitation on Taxed Contributions and Company Contributions. The Administrative Committee shall make the following determinations separately with respect to the Bargaining Unit Employees and Non-Bargaining Unit Employees.

(a) If the aggregate of Taxed Contributions and the fair market value of the Company Contributions that are matching contributions within the meaning of Code Section 401(m) allocated to the Highly Compensated Employees for any Plan Year are in excess of the amount permitted under the following provisions for such Highly Compensated Employees, such excess amounts plus the pro rata share of income and losses thereon, determined as of the distribution date in accordance with regulations issued by the Secretary of the Treasury, shall be forfeited to the extent such contributions are not vested, and to the extent such contributions are vested, they shall be distributed by the end of the following Plan Year and, if possible, before the close of the first two and one half months of the following Plan Year. Alternatively, if the Company has elected that the Average Contribution Percentage test be applied using the ACP percentages of Non-Highly Compensated Employees for the current Plan Year, then with respect to such Plan Year, the Company may, in its discretion, make qualified non-elective contributions, as defined in Treas. Reg. Section 1.401(m)-1(f)(15), subject to the requirements for full vesting and the Code Section 401(k) withdrawal restrictions, as may be necessary for the following provisions of this section to be satisfied. Any qualified non-elective contributions treated as Taxed Contributions for purposes of satisfying the provisions of this section shall not be taken into account for purposes of satisfying the average deferral percentage test of Code Section 401(k) as provided in Section 3.02 hereof.

(b) All or a portion of the aggregate of Taxed Contributions and the fair market value of the Company Contributions that are matching contributions within the meaning of Code Section 401(m) allocated to Highly Compensated Employees shall be deemed to be excessive for the then current Plan Year if the Actual Contribution Percentage for such Highly Compensated Employees exceeds the greater of (i) or (ii) below:

(i) the product of the Actual Contribution Percentage for all Eligible Employees other than Highly Compensated Employees multiplied by 1.25, or

(ii) the product of the Actual Contribution Percentage for all Eligible Employees other than Highly Compensated Employees multiplied by 2.0; provided, however, that the product described in this clause (ii) shall be limited to the sum of the Actual Contribution Percentage for all Eligible Employees other than Highly Compensated Employees plus two percentage points.

In the event the test described in Section 3.02(b) is satisfied using the “2.0/two point” test described in Section 3.02(b)(ii),then with respect to Plan Years commencing prior to January 1, 2002, the Actual Contribution Percentage described in this Section 3.05(b) for Highly Compensated Employees shall be reduced to the extent necessary to satisfy the “multiple use” aggregate limit described in the following sentence. The “multiple use” aggregate limit shall equal whichever of (A) or (B) is greater:

(A) the sum of (i) 1.25 multiplied by the greater of the Actual Contribution Percentage or the Actual Deferral Percentage for the Plan Year for all Eligible Employees other than Highly Compensated Employees plus (ii) the lesser of the Actual Contribution Percentage or the Actual Deferral Percentage for the Plan Year for all Eligible Employees other than Highly Compensated Employees plus two percentage points; provided, however, that the amount determined under this clause (ii) may not exceed the product of 2.0 multiplied by the lesser of the Actual Contribution Percentage or the Actual Deferral Percentage for all Eligible Employees other than Highly Compensated Employees; or

(B) the sum of (i) 1.25 multiplied by the lesser of the Actual Contribution Percentage or the Actual Deferral Percentage for the Plan Year for all Eligible Employees other than Highly Compensated Employees plus (ii) the greater of the Actual Contribution Percentage or the Actual Deferral Percentage for the Plan Year for all Eligible Employees other than Highly Compensated Employees plus two percentage points; provided, however, that the amount determined under this clause (ii) may not exceed the product of 2.0 multiplied by the greater of the Actual Contribution Percentage or the Actual Deferral Percentage for all Eligible Employees other than Highly Compensated Employees.

The multiple use test described above and in Treasury Regulation Section 1.401(m)-2 shall not apply for Plan Years beginning after December 31, 2001.

(c) An Eligible Employee’s Actual Contribution Percentage shall be determined before his or her excess Tax Deferred Contributions (and other amounts subject to Code Section 401(k) restrictions) are distributed and the value of the related Company Contributions are forfeited.

(d) The amount to be distributed or forfeited pursuant to paragraph (a), above, shall be determined by making the reducing the amount of the aggregate of the Taxed Contributions plus any matching contributions within the meaning of Code Section 401(m) (“Excess Aggregate Contributions”) of Participants who are Highly Compensated Employees so that after adjustment one of the two tests of paragraph (b), above (including the multiple use aggregate limit, if applicable), is met and the Excess Aggregate Contributions have been reduced to zero. To the extent possible, a Highly Compensated Employee’s Excess Aggregate Contributions shall be reduced by distributing Taxed Contributions before matching contributions within the meaning of Code Section 401(m) .

(i) Each Participant who is a Highly Compensated Employee, beginning with the Participant having the greatest Excess Aggregate Contributions, shall have his Excess Aggregate Contributions (together with income or loss allocable thereon determined in the same manner as for excess Tax Deferred Contributions under Section 3.02 of the Plan) reduced until his Aggregate Contributions are reduced to the Aggregate Contributions of the Highly Compensated Employee with the next highest Aggregate Contributions, and continuing as necessary until one of the two tests described in paragraph (b) is satisfied. Such reductions shall be made to each Highly Compensated Employee on the basis of the respective portions of the Excess Aggregate Contributions attributable to each such Highly Compensated Employee.

(ii) The total Excess Aggregate Contributions to be forfeited or distributed shall be determined under the following procedure:

(1) Calculate the dollar amount of Excess Aggregate Contributions for each affected Highly Compensated Employee as follows:

(A) Rank all Highly Compensated Employees in descending order based on their Actual Contribution Percentage and then reduce the Actual Contribution Percentage of the Highly Compensated Employee with the highest Actual Contribution Percentage by the amount required to cause such Highly Compensated Employee's Actual Contribution Percentage to equal the Actual Contribution Percentage of the Highly Compensated Employee with the next highest Actual Contribution Percentage or, if less, by the reduction necessary to enable the Plan to satisfy one of the two tests described in paragraph (b), above.

(B) Repeat the process in (A), above, with respect to the Highly Compensated Employee with the next highest Actual Contribution Percentage, until the Plan satisfies one of the two tests described in paragraph (b), above, and the highest permitted Actual Contribution Percentage is determined.

(C) The amount of Excess Aggregate Contributions for each Highly Compensated Employee shall be an amount equal to such Highly Compensated Employee's Aggregate Contributions taken into account in determining such Highly Compensated Employee's Actual Contribution Percentage prior to applying (A) and (B) above, minus an amount determined by multiplying such Highly Compensated Employee's Actual Contribution Percentage, determined after applying (A) and (B) above, by the Compensation used in determining such Highly Compensated Employee's Actual Contribution Percentage.

(2) Determine the total of the dollar amounts (total Excess Aggregate Contributions) calculated in Step (1).

(3) Distribute or forfeit the total Excess Aggregate Contributions determined in Step (2) as follows:

(A) Rank all Highly Compensated Employees in descending order based on the dollar amount of their Aggregate Contributions and reduce the Aggregate Contributions of the Highly Compensated Employee with the highest dollar amount of Aggregate Contributions by the amount required to cause that Highly Compensated Employee's Aggregate Contributions to equal the dollar amount of the Aggregate Contributions of the Highly Compensated Employee with the next highest dollar amount of Aggregate Contributions.

(B) The amount determined in (A), above, shall be distributed to (if attributable to Taxed Contributions) or forfeited by (if attributable to Company Contributions) the Highly Compensated Employee with the highest dollar amount until all Excess Aggregate Contributions are consumed or until the Aggregate Contributions of such Participant is reduced to the dollar amount of the Highly Compensated Employee with the next highest dollar amount of Aggregate Contributions, whichever is less. To the extent possible, a Highly Compensated Employee's Actual Contribution Percentage shall be reduced by distributing Taxed Contributions before matching contributions within the meaning of Code Section 401(m).

(1) If the total amount distributed under Step (3) above is less than the total Excess Aggregate Contributions, repeat Step (3).

(e) In its discretion, Administrative Committee may limit Taxed Contributions or Company Contributions in a manner that prevents Excess Aggregate Contributions from being made, provided that any such limit shall be nondiscriminatory, applied on a uniform basis and permitted by applicable provisions of the Code and regulations thereunder.

For purposes of the Actual Contribution Percentage, Company Contributions will be considered made for a Plan Year if made no later than the end of the twelve (12) month period beginning on the day after the close of the Plan Year.

The Company shall maintain records sufficient to demonstrate satisfaction of the Actual Contribution Percentage Test and the amount of Taxed Contributions and Company Contributions used in such test.

In the event this Plan must be combined with one or more employee stock ownership plans described in Code Section 4975(e)(7) in order to satisfy the requirements of Section 401(a)(4) or 410(b) of the Code (other than the average benefits test described in Code Section 410(b)(2)(A)(ii)), all allocations under such employee stock ownership plans shall be treated as made under a single arrangement for purposes of this Section 3.05.

3.06 Rollover Contributions and Prior Plan Transfers .

Subject to the prior approval of the Administrative Committee, the Plan may receive Rollover Contributions representing all or part of the entire amount of any distribution item a qualified retirement plan meeting the requirements of Code Section 401 (a) or 403(a.) on behalf of al1 Eligible Employee, provided that:

(a) prior to January 1, 2002, no part of any distribution that is attributable to after-tax contributions may be rolled over to this Plan;

(b) no part of any hardship distribution may be rolled over to this Plan;

(c) no distribution that is made to comply with the minimum required distribution rules of Code section 401(a)(9) may be rolled to this Plan; and

(d) no distribution that one of a series of substantially equal periodic payments made over the life (or life expectancy) of the Active Participant or the joint lives (or joint life expectancies) of the Active Participant and his designated Beneficiary, or for a specified period of ten years or more may be rolled over to this Plan.

On or after January 1, 2002, the Plan may accept Rollover Contributions attributable to after-tax contributions provided that such rollover is made through a direct trustee-to-trustee rollover from a qualified plan described in Code section 401(a) or 403(a). Rollover Contributions received by the Plan which are attributable to after-tax employee contributions shall be separately accounted for, including separately accounting for the portion of such Rollover Contribution which is includable in gross income and the portion of such Rollover Contribution which is not so includable.

Except as otherwise required above, any rollover may be made (i) through a direct rollover from a qualified plan, to this Plan, or (ii) through a distribution and rollover deposited in this Plan no later than the sixtieth (60th) day after the distribution was received by the Active Participant from the distributing plan or from a conduit IRA.

Subject to the approval of the Company, amounts may be transferred directly to the Plan from a plan qualified under Section 401(a) of the Code provided that such plan is not either a defined benefit plan described in Section 414(j) of the Code or a defined contribution plan described in Section 414(i) of the Code that is subject to the minimum funding standards contained in Section 412 of the Code. All such Rollover Contributions or prior plan transfers shall be credited to the Active Participant's Company Contribution Account to the extent they are attributable to employer contributions (other than pre-tax contributions) made on behalf of such Participant, to the Participant's Tax Deferred Contribution Account to the extent they are attributable to pre-tax contributions made under a plan that satisfies the requirements of Code Section 401(k) and, with respect to prior plan transfers only, to his Taxed Contribution Account to the extent that they are attributable to after-tax contributions made by such Participant. All such contributions and transfers shall be invested at the election of such Participant and shall become vested and distributable in accordance with the provisions of the Plan.

With respect to a determination that the distributing plan meets the requirements of Code Section 401(a) or 403(a), evidence that the distributing plan has received a favorable determination letter from the Internal Revenue Service shall not be necessary for the Administrative Committee to reach the conclusion, in good faith, that such Rollover Contributions appear to be valid. Notwithstanding the foregoing, if the Administrative Committee later determines that the contribution was an invalid rollover contribution, the amount of the invalid rollover contribution, plus any earnings attributable thereto, shall be distributed to the Participant within a reasonable time after such determination.

3.07 Benefit and Contribution Limitations .

(a) Notwithstanding any other provision of this Plan, the sum of the annual additions (as hereinafter defined) to a Participant's Account for limitation year (which shall be the calendar year) shall not exceed the lesser of

(i) $40,000 (as adjusted for increases in the cost of living under Section 415(d) of the Code), or

(ii) 100% of the Participant's compensation (as defined in Code Section 415(c)(3)) for such limitation year from all Affiliated Companies.

For any short Plan Year, the dollar limitation in (i), above, shall be reduced by a fraction, the numerator of which is the number of full months in the short Plan Year and the denominator of which is twelve (12). For Limitation Years beginning on or after January 1, 1998, Compensation under Code Section 415(g)(3) of the code ("Code Section 415 Compensation") shall include any elective deferral as defined in Code Section 402(g)(3) and any amount which is contributed or deferred by the Company at the election of the Employee and which is not otherwise includable in the gross income of the Employee by reason of Code Sections 125 or 457. For Plan Years beginning prior to January 1, 1998, such elective deferrals are not included in Code Section 415 Compensation. For Limitation Years beginning on or after January 1, 1998, Code Section 415 Compensation shall include salary reduction amounts deemed contributed under Section 125 of the Code because the Employee is unable (or fails) to certify that he has other health insurance coverage and, thus, is unable to elect unreduced salary instead of health insurance benefits, but only if the Company relies on employee certifications of coverage and does not otherwise request or collect information regarding the Employee's other health coverage as part of the enrollment process for the health plan. For Limitation Years beginning on and after January 1, 2001, Code Section 415 Compensation shall include elective amounts that are not includible in gross income of the employee by reason of Code Section 132(f)(4).

(b) Annual additions to a Participant's Account for a Plan Year shall be the sum of:

(i) the Participant's Tax Deferred Contributions for such Plan Year, except to the extent exempted as "catch-up" contributions in accordance with Code Section 414(v);

(ii) for Plan Years beginning after December 31, 1986, the Participant's Taxed Contributions for such Plan Year;

(iii) the employer contributions allocated to the Participant's Account (including, but not limited to, Company Contributions);

(iv) forfeitures allocated to the Participant's Account;

(v) amounts allocated, after March 31, 1984, to an individual medical account, as defined in Code Section 415(l)(2) which is part of a pension or annuity plan maintained by a Participating Employer; and

(vi) amounts derived from contributions paid or accrued after December 31, 1985 in taxable years ending after such date, are attributable to post-retirement medical benefits allocated to the separate account of a key employee (as defined in Code Section 419A(d)(3)) under a welfare benefit plan (as defined in Code Section 419(e)) maintained by a Participating Employer;

provided, however, that the percentage of compensation limitations referred to in (a), above, shall not apply to any contribution for medical benefits (within the meaning of Code Section 419A(f)(2)) after separation from service which is otherwise treated as an annual addition or to any amount otherwise treated as an annual addition under Code Section 415(l)(1).

(c) Annual additions to a Participant's Account for a Plan Year shall not include:

(i) transfers or rollover contributions;

(ii) Participant repayments of a plan loan, a cash-out distribution or of a distribution of mandatory contributions (within the meaning of Code Section 411(a)(3)(D); or

(iii) employee contributions to a simplified employee pension excludable from gross income under Code Section 408(k)(6).

(d) In the event that it is determined that the annual additions to a Participant's Account for any Plan Year would be in excess of the limitations contained herein, such annual additions shall be reduced to the extent necessary to bring such annual additions within the limitations contained in this Section 3.07. Likewise, for any Limitation Year beginning before January 1, 2000, in the event that any Participant of the Plan is also a Participant in any defined benefit plan or plans maintained by an Affiliated Company and it is determined that the annual additions to a Participant's Account for any Plan Year when considered with the Participant's projected annual benefit under such defined benefit plan or plans would be in excess of the limitations contained in Section 3.08 hereof, such annual additions and benefits shall be reduced to the extent necessary to satisfy the limitations contained in Section 3.08. In general, the required reductions in annual additions and benefits shall be made by proceeding only as far as necessary through the following sequence, with reductions at each level being prorated among all affected plans making provision for such reductions:

(1) return of Taxed Contributions, plus any earnings thereon, if any, to the extent they are treated as annual additions;

(2) return of Tax Deferred Contributions, plus any earnings thereon, if any, to the extent they are treated as annual additions;

(3) reduction of defined contribution plan annual additions other than Taxed Contributions and Tax-Deferred Contributions.

The Administrative Committee is authorized in its discretion to utilize a different method of correction provided such method is consistent with the requirements of the Code and Regulations thereunder and is applied on a uniform and non-discriminatory manner to all affected Participants.

ARTICLE IV

ESOP LOANS

The provisions of this Article IV shall apply solely to that portion of the Plan which is an ESOP within the meaning of Section 4975(e)(7) of the Code.

4.01 [Reserved]

4.02 [Reserved]

4.03 Limitations on Stock Acquired with Proceeds of an ESOP Loan . Except as otherwise permitted in Sections 409(h) and (l) of the Code and regulations promulgated thereunder, no Company Stock acquired with the proceeds of an ESOP Loan shall be subject to any put, call, or other option or any buy sell or similar agreement while held by and when distributed from the trust fund, whether or not the Plan constitutes an "employee stock ownership plan" within the meaning of Section 4975(e)(7) of the Code at such time and whether or not the ESOP Loan has been repaid at such time.

4.04 [Reserved]

4.05 [Reserved]

ARTICLE V

ALLOCATIONS TO PARTICIPANTS' ACCOUNTS

5.01 Tax Deferred Contributions and Taxed Contributions . Tax Deferred Contributions and Taxed Contributions made on behalf of or by a Participant shall be allocated to his Tax Deferred Contribution Account or Taxed Contribution Account, as appropriate, as soon as practicable after such contributions are transferred to the trust fund established under the Plan.

5.02 Allocations with Respect to Dividends on Allocated Company Stock .

(a) Participants.

(1) [Reserved]

(2) Notwithstanding anything in the Plan to the contrary, with respect to dividends paid on or after January 1, 2002 on Company Stock held in a Participant's ESOP Account, each Participant (or in the event of the Participant's death, to his Beneficiary) may elect, in accordance with uniform and non-discriminatory procedures adopted by the Administrative Committee, to (i) have such dividends directly paid to such Participant (or in the event of the Participant's death, to his Beneficiary) as soon as administrative feasible following the payment of such dividend, (ii) be paid to the trust fund and distributed to the Participant (or in the event of the Participant's death, to his Beneficiary) as soon as administrative feasible following the payment of such dividend but no later than 90 days after the end of the Plan Year in which the dividend is paid, or (iii) be paid to the Plan (in cash or Company Stock, as elected by the Company) and automatically reinvested in the Olin Common Stock Fund, all in accordance with Code Section 404 (k) and guidance issued thereunder, and in such event the Company shall be entitled to deduct the amount of the dividends (but not any earnings on such dividends earned while in the Plan) subject to such election in the taxable year in which the dividend is paid or distributed. On and after January 1, 2002, a Participant shall at all times be deemed vested in any dividends allocated to his ESOP Account, with respect to which he is offered the foregoing reinvestment election, whether or not he is then otherwise fully vested in his Account Balance under the terms of the Plan.

(i) Notwithstanding the foregoing, in accordance with IRS Notice 2002-2, such deduction shall also be available with respect to dividends paid by the Company to the ESOP portion of the Plan in 2001, if Participants are offered an election between reinvestment in Company Stock or distribution of the dividend and such election becomes irrevocable in 2002.

(ii) In order for the dividend reinvestment election to be effective:

(1) Participants must be given a reasonable opportunity before the dividend is paid or distributed from the ESOP portion of the Plan to make the election;

(2) Participants must have a reasonable opportunity to change their dividend reinvestment election at least annually; and

(3) if there is a change in the Plan terms governing the manner in which dividends are paid or distributed to Participants, Participants must be given a reasonable opportunity to make an election under the revised Plan terms prior to the date on which the first dividend subject to the new Plan terms is paid or distributed.

(iii) No dividends paid or reinvested as provided for above shall be treated as annual additions under Code Section 415, or as Tax Deferred or Taxed Contributions subject to Code Sections 410(k), 402(g) or 401(m).

(3) With respect to dividends paid on Company Stock that are not part of a Participant's ESOP Account, such dividends will be reinvested in the same manner as directed by the Participant with respect to his Tax Deferred Contribution Account.

5.03 Matching Contribution s.

(a) Participants.

(1) Each Participating Employer shall allocate to eligible Active Participants from contributions sufficient to provide each such Participant (whether or not still employed by an Affiliated Company) with a Matching Contribution equal to 100% of the first $25 contributed on behalf of or by the Participant as a Tax Deferred Contribution or Taxed Contribution for each month plus 50% of the excess of such contributions over $25 for each month; provided, however, that the total amount of contributions used to determine the amount of the Matching Contribution may not exceed 6% of Compensation within such month.

The Company may elect to provide a different rate of Matching Contribution or no Matching Contribution for all or any group of Active Participants, provided however that a decrease in the rate of Matching Contributions may be made effective only prospectively as of the first day of the calendar month following approval of such decrease by the Company. Notwithstanding the foregoing, the Plan's Matching Contributions provisions shall not be applicable with respect to collectively bargained Employees of Monarch and its affiliates from and after the date of the acquisition of Monarch and its affiliates by the Company unless and until otherwise provided in the applicable collective bargaining agreement. In no event will any Tax Deferred Contributions or Taxed Contributions be matched at greater than a 100% rate. In the event that a Participant's matched Tax Deferred Contributions or Taxed Contributions are distributed or returned to the Participant pursuant to Sections 3.01, 3.02 or 3.05, an amount equal to the Current Market Value of the related Matching Contribution (and earnings thereon) shall be forfeited by such Participant. Notwithstanding anything in the Plan to the contrary, no Matching Contribution shall be made with respect to Tax Deferred and Taxed Contributions made by salaried Participants on and after January 1,2003.

The Matching Contribution shall be invested in the same manner as directed by the Participant with respect to his Tax Deferred Contribution Account, or in the same manner as directed by the Participant with respect to his Taxed Contribution Account, in the event he is not making contributions to a Tax Deferred Contribution Account..

5.04 Performance Matching Contribution s.

(a) Participants.

(1) Following the end of each Plan Year, each Participating Employer shall allocate to eligible Active Participants of that Participating Employer from contributions sufficient to provide each Participant who is employed by a Participating Employer or Affiliated Company on the last day of the preceding Plan Year with a Performance Matching Contribution equal to an additional 5% of such Participant's matched Tax Deferred Contributions and matched Taxed Contributions for the preceding Plan Year, other than those contributions that are already matched at a 100% rate, for each ten million dollar increment of EVA for such year or period, up to a maximum EVA amount of $200 million, as shown in the schedule below.

*EVA DOLLARS	PERFORMANCE MATCH % OF* PARTIC. CONTRIB.	*EVA DOLLARS	PERFORMANCE MATCH % OF PARTIC. CONTRIB.
$0	0%	$100,000,001-$110,000,000	55%
At least $ 1-$10,000,000	5%	$110,000,001-$120,000,000	60%
$10,000,001-$20,000,000	10%	$120,000,001-$130,000,000	65%
$20,000,001-$30,000,000	15%	$130,000,001-$140,000,000	70%
$30,000,001-$40,000,000	20%	140,000,001-$150,000,000	75%
$40,000,001-$50,000,000	25%	$150,000,001-$160,000,000	80%
$50,000,001-$60,000,000	30%	$160,000,001-$170,000,000	85%
$60,000,001-$70,000,000	35%	$170,000,001-$180,000,000	90%
$70,000,001-$80,000,000	40%	$180,000,001-$190,000,000	95%
$80,000,00l-$90,000,000	45%	$190,000,001-$200,000,000	100%
$90,000,001-$100,000,000	50%		

No Performance Match will be made under this paragraph (a)(1) if the EVA dollar amount is less than $1. For purposes of this Section 5.04, the applicable dollar amount of EVA shall be calculated by the Company from time to time.

The Company may elect to provide a different rate of Performance Matching Contribution or no Performance Matching Contribution or to provide a Performance Matching Contribution based on a standard other than the Company's EVA for all or any group of Active Participants. Notwithstanding the foregoing, no Performance Matching Contribution shall be provided with respect to collectively bargained Employees of Monarch and its affiliates from and after the date of the acquisition of Monarch and its affiliates by the Company.

In the event that a Participant's matched Tax Deferred Contributions or Taxed Contributions are distributed or returned to the Participant pursuant to Sections 3.01, 3.02, 3.05 or 3.07, an amount equal to the Current Market Value of the related Performance Matching Contribution (and earnings thereon) shall be forfeited by such Participant.

The Performance Matching Contribution shall be invested in the same manner as directed by the Participant with respect to his Tax Deferred Contribution Account, or in the same manner as directed by the Participant with respect to his Taxed Contribution Account, in the event he is not making contributions to a Tax Deferred Contribution Account.. Notwithstanding anything in the Plan to the contrary, no Performance Matching Contribution shall be made with respect to Tax Deferred Contributions and Taxed Contributions made by salaried Participants on and after January 1,2003.

In no event will any Tax Deferred Contributions or Taxed Contributions be matched at greater than a 100% rate.

5.05 Aegis Retirement Plan Contribution Allocations . The Aegis Retirement Contributions made under Section 3.04 shall be allocated to the Aegis Retirement Contribution Accounts of eligible Aegis Active Participants following the end of each Plan Year with respect to which a contribution is made, in an amount equal to a percentage of their Compensation, based upon their length of service with Aegis and its Affiliated Companies, in accordance with the following formula:

LENGTH OF SERVICE	PERCENTAGE OF COMPENSATION
One Year, but fewer than five years	**2.5%**
Five Years, but fewer than ten years	**3.5%**
At least ten years	**4.5%**

The amounts allocated to eligible Aegis Active Participants' Retirement Contribution Accounts pursuant to this Section shall be invested in the same manner and percentages as the Aegis Participant's other Participant-Directed Investments or, if the Participant has no other Participant Directed Investments, then in accordance with the Participant's investment election with respect to his Retirement Contribution Account balance. Aegis Participants' Retirement Contribution Account balances may only be distributed upon a termination of service, death, disability or retirement and are not available for withdrawal or in-service distribution.

5.06 Monarch Retirement Plan Contribution Allocations . The Monarch Retirement Contributions made under Section 3.04 shall be allocated to the Monarch Retirement Contribution Accounts of eligible Monarch Active Participants following the end of each Plan Year with respect to which a contribution is made in the proportion that the Compensation of each such Participant bears to the total Compensation of all such eligible Monarch Participants. The amounts so allocated pursuant to this Section shall be invested in the same manner and percentages as the Monarch Participant's other Participant-directed investments or, if the Participant has no other Participant Directed Investments, then in accordance with the Participant's investment election with respect to his Monarch Retirement Contribution Account balance. Monarch Participants' Retirement Contribution Account balances may only be distributed upon a termination of service, death, disability, attainment of age 65, or retirement, and, except as otherwise expressly provided herein, are not available for withdrawal, in-service distribution or loans. Notwithstanding the foregoing, effective as of September 1, 2002 or such later date as is administratively feasible, Monarch Participants may borrow from their Retirement Contribution Account balances in accordance with the provisions of Article IX of the Plan.

ARTICLE VI

INVESTMENT OF CONTRIBUTIONS

6.01 Participant Direction of Accounts. The Administrative Committee is authorized and directed to maintain a program, to be administered in a uniform and non-discriminatory manner, whereby a Participant or, in the event of a Participant's death, a Beneficiary may direct the investment of the Participant's Account. By virtue of such Participant directed investments, the Plan is intended to constitute a plan described in section 404(c) of ERISA and the final regulations issued thereunder. As such, to the extent permitted by law, the Trustee, the Administrative Committee, the Investment Committee, the Company, any Participating Employer, or any of its directors, officers, employees or agents shall be relieved of liability for any losses which are the direct and necessary result of investment instructions given by a Participant (or Beneficiary). A Participant (or Beneficiary) shall not be deemed to be a plan fiduciary, however, by reason of the exercise of control over the investment of his Account

Participant (or Beneficiary) investment direction over Accounts shall be subject to such rules and regulations as to the timing and frequency of investment changes, transfers between Funds, limitations, allocations of expenses and other aspects of Plan administration as the Administrative Committee may from time to time establish in writing.

The Investment Committee may change the types of Funds offered, and may add or delete any particular Fund (including a self-directed brokerage window investment option). The decision to invest in any particular Fund (including a self-directed brokerage window investment option) offered under the Plan, however, is the sole responsibility of each Participant (or Beneficiary, as the case may be). The Trustee, the Administrative Committee, the Investment Committee, the Company, any Participating Employer, or any of its directors, officers, employees or agents are not empowered to advise a Participant (or Beneficiary) as to the manner in which his Account shall be invested. The fact that a security is available to Participants (or Beneficiaries) for investment under the Plan shall not be construed as a recommendation for the purchase of that security, nor shall the designation of any option impose any liability on the Company, any Participating Employer, its directors, officers, employees or agents, the Trustee, the Investment Committee or the Administrative Committee.

6.02 Investments in Company Stock. Notwithstanding Section 6.01, above, the Investment Committee shall maintain as a Fund the Olin Common Stock Fund. Participants (or Beneficiaries) may, but are not required to, invest some portion or all of their Tax Deferred Contributions, Taxed Contributions and Company Contributions in such Olin Common Stock Fund.

The Trustee may purchase Company Stock directly from the Company or from any other source, including on the open market; provided, however, that in no event shall a commission be charged with respect to a purchase of Company Stock from the Company. Such Company Stock may be treasury stock, authorized and previously unissued shares, or shares previously issued and repurchased by the Company, all valued at the Current Market Value of such Company Stock. Additions to and subtractions from the Olin Common Stock Fund may be netted for any given period.

6.03 Investment of Matching Contributions and Performance Matching Contributions.

(a) Matching Contributions shall be made as provided under Section 3.04 and invested as provided under Section 5.03. Dividends issued on Company Stock held in the ESOP Account shall be reinvested or distributed as provided under Section 5.02. Effective October 17, 2003, Matching Contributions invested in the Olin Common Stock Fund may be transferred to other Funds at the direction of the Participant (or Beneficiary).

(b) Performance Matching Contributions shall be made as provided under Section 3.05 and invested as provided under Section 5.04. Dividends issued on Company Stock held in the ESOP Account shall be reinvested or distributed as provided under Section 5.02. Effective October 17, 2003, Performance Matching Contributions invested in the Olin Common Stock Fund may be transferred to other Funds at the direction of the Participant (or Beneficiary).

(c) If a Participant transferring employment to Primex Technologies, Inc. elected to transfer such Participant's account balances to the Primex Plan as provided in Section 15.06(b) hereof, any Company preferred stock allocated to such Participant account balance was redeemed by the Company for units in the Olin Common Stock Fund prior to the dividend record date for the distribution of Primex Technologies, Inc. common stock occurring in connection with the spin-off of the Company's aerospace and ordnance businesses.

6.04 Special Distribution Account .

(a) Generally. In the case of a distribution of stock and/or securities of a controlled corporation of the Company received on, or with respect to, the Company Stock as part of a spin off, split off, split up or other similar reorganization resulting in a corporate separation, the Trustee will retain such stock and cause to be credited to a "Special Distribution Account" established for each Participant under the Olin Common Stock Fund his proportionate number of shares of such stock as determined by the Trustee on the basis of the number of shares of Company Stock in such Participant's account in the Olin Common Stock Fund on the record date of the distribution. Notwithstanding the preceding sentence, the Trustee, in its discretion, may sell such stock and/or securities received on, or with respect to, the Company Stock held in the ESOP Account and reinvest such proceeds in Company Stock for the Participants' Olin Common Stock Fund accounts if the Trustee determines that it is necessary to do so in order to retain the status of the ESOP as an employee stock ownership plan within the meaning of Section 4975(e)(7) of the Code. In any event, however, the Trustee shall sell all other securities received as part of such distribution, and reinvest the proceeds thereof in Company Stock for the Participants' Olin Common Stock Fund accounts.

(b) Subsequent Corporate Transactions with Respect to Shares Held in Special Distribution Account. In the event any securities of a previously controlled corporation of the Company credited to a Participant's Special Distribution Account shall thereafter, pursuant to a merger, consolidation or other reorganization involving the previously controlled corporation, be changed into, or become exchangeable for, securities of another corporation and/or cash, the Trustee will retain the securities of such other corporation and cause the same to be credited to such Special Distribution Account. If shareholders of the previously controlled corporation shall be offered an election by such other corporation as to the securities and/or cash they may receive in such merger, consolidation or other reorganization, the Trustee will provide a similar election to each Participant, provided that if a Participant fails to exercise any such election afforded by the Trustee within the period of time required by the Trustee, then such election may be made by the Trustee on such basis as it deems appropriate. In the event securities in a Special Distribution Account shall be the subject of a tender offer for cash and/or an exchange offer for securities of another corporation, the Trustee may accept such tender or exchange offer with respect to a Participant only if the Trustee has been authorized to do so by such Participant within the period of time required by the Trustee. The Trustee will retain any securities of such other corporation received in an exchange offer and cause the same to be credited to such Special Distribution Account. In the event that the securities of such other corporation shall carry the right of conversion into other securities, such right may be exercised only at the election of the Participant and shall not be a responsibility of the Trustee. Upon any such conversion, such other securities shall be credited to the Participant's Special Distribution Account. All cash received by the Trustee in such merger, consolidation or other reorganization, or in such tender offer, or as a result of any securities received as part of such merger, consolidation or other reorganization and all dividends and other distributions on securities held in a Special Distribution Account, shall, except as stated above, be invested in the Olin Common Stock Fund.

(c) [Reserved]

(d) Shares Acquired in Connection with Arch Spin-off. In connection with the spin-off of the Company's specialty chemical business, Participants' account balances invested in the Olin Common Stock Fund were credited with a dividend in the form of Arch common stock. As of the dividend record date, an Arch Common Stock Fund was established as a Fund under this Article Six of the Plan, and the Arch common stock dividend was credited to each Participant's account in the form of units in the Arch Common Stock Fund.

(i) Treatment of Arch Common Stock Fund with respect to Participants. With respect to Participants (or Beneficiaries), no new investment, whether in the form of employer or Participant contributions or transfers of existing account balances under the Plan, are be permitted in the Arch Common Stock Fund. All dividends paid on the Arch stock held in the Arch Common Stock Fund for the benefit of Participants (or Beneficiaries) are re-invested by the Trustee (i) effective before October 17, 2003, in the Olin Common Stock Fund and (ii) effective on or after October 17, 2003, invested in the same manner as directed by the Participant with respect to his Tax Deferred Contribution Account. Participants (or Beneficiaries) may retain their investment in the Arch Common Stock Fund. Alternatively, prior to March 1, 2001, such Participants (or Beneficiaries) may (i) transfer that portion of their Arch Common Stock Fund balances that are attributable to their Tax Deferred Contributions and Taxed Contributions to any other Fund or Funds permitted from time to time under the Plan other than the Arch Common Stock Fund (or the Fund under the Plan that was invested primarily in Primex Technologies, Inc. common stock), and (ii) may transfer and re-invest that portion of the Arch Common Stock Fund balance that is attributable to Company Contributions only into the Olin Common Stock Fund. On and after March 1, 2001, such Participants (or Beneficiaries) may transfer their entire Arch Common Stock Fund balances to any other Fund permitted under the Plan.

ARTICLE VII

VESTING

7.01 Vesting of Tax Deferred Contribution and Taxed Contribution Accounts . Each Participant’s Tax Deferred Contribution Account and Taxed Contribution Account (including any earnings on such contributions) shall be fully vested at all times.

7.02 Vesting of Company Contribution Accounts .

(a) The Company Contribution Account of each Active Participant who dies, incurs a Total and Permanent Disability, attains age 65 while in the employ of an Affiliated Company or enters Retirement shall be fully vested and nonforfeitable.

(b) The Company Contribution Account of each Participant, shall be vested in accordance with the following schedule:

Years of Service	Vested Percentage
2 years	25%
3 years	50%
4 years	75%
5 or more years	100%

(c) It is anticipated that a Participant may be transferred between and among the Company and Participating Employers or their Affiliated Companies, and in the event of any such transfer, the Participant involved shall not have his rights under the Plan adversely affected, but shall continue to be credited with his accumulated Years Vesting Service.

(d) Notwithstanding the foregoing, the Company Contribution Account of each Participant who is defined as a Transferred Employee under Article IX of the Asset Purchase Agreement by and between Olin Corporation and the Arco Chemical Company, dated as of October 9, 1996 (the “Agreement”), shall be fully vested and non-forfeitable as of the Closing Date specified in the Agreement, as amended.

(e) The Company Contribution Account of each Participant who immediately prior to the effective date of the spin-off of the Company’s aerospace and ordnance businesses to Primex (the “Primex Spin-off”) was an employee of the Company and whose employment is either transferred directly to Primex or terminated in connection with the Primex Spin-off, shall be fully vested and non-forfeitable as of the effective date of the Primex Spin-off.

7.03 Vesting of Amounts Rolled Over or Transferred from Other Plans . Notwithstanding anything contained in the Plan to the contrary, (a) each Participant’s Rollover Contribution Account shall be fully vested at all times; and (b) any amounts attributable to a Participant’s accounts transferred from the Bridgeport Brass Savings and Investment Plan or the Apache Chemicals Pension and Profit Sharing Plans shall be fully vested at all times. Alternate vesting provisions may apply, as determined by the Company in accordance with applicable law, to any portion of a Participant’s Account that has been transferred to the Plan from another plan pursuant to Section 3.06.

7.04 Forfeitures . The unvested portion of a Former Participant’s Account shall be forfeited as of the earlier of the date as of which the Former Participant received a distribution of 100% of the vested portion of his Account pursuant to Article X or he incurs a five year Period of Severance. All such forfeited amounts, reduced by any forfeited amounts restored to Participants’ Accounts pursuant to Section 7.05, shall be applied to reduce future contributions required of Participating Employers.

7.05 Repayment of Prior Distributions. If, as a result of a Participant's termination of employment, all or a portion of his Account is forfeited, such amount shall be subsequently restored to his Account if he is reemployed by a Participating Employer prior to incurring a five year Period of Severance and the individual repays the amount of the distribution he previously received from the Plan as a result of his termination of employment within five years of his date of reemployment. Such repayment shall be (a) equal to the amount of any cash plus the Current Market Value of any Company Stock included in the distribution on the Valuation Date coinciding with or next preceding the date of the distribution, (b) made in cash or in shares of Company Stock, based on the Current Market Value of such Company Stock on the Valuation Date coinciding with or next preceding the date of repayment and (c) invested in the same Funds to the extent possible and in the same amounts as were withdrawn from each Fund; provided, however, that any amounts that would be invested in the Preferred Stock Fund shall be invested in the Olin Common Stock Fund and any amounts that would be invested in any Fund that is no longer active or accepting new contributions shall be invested in the remaining available Funds at the direction of the Participant. In the event an individual does not repay a prior distribution, the forfeited amount in his Account will not be restored and his Period of Continuous Service after his reemployment will not be considered in determining his vested interest in his Account attributable to contributions made prior to his Period of Severance.

ARTICLE VIII

WITHDRAWALS PRIOR TO TERMINATION OF EMPLOYMENT

8.01 Priority for Withdrawals . An Active Participant (including those who are on an authorized leave of absence or on layoff status) may make a withdrawal from his Account prior to termination of employment as provided in this Section 8.01. Withdrawals shall be taken from available amounts in such Participant's Account in the following order of priority:

(a) First, the principal amount of his unmatched Taxed Contributions made prior to 1987; provided, however, that if a Participant has attained age 50 he may elect to receive, either first or in addition to the amounts previously described, the amounts in his ESOP Account to the extent vested, except that no Participant who has not yet attained age 55 may withdraw any amounts from his ESOP Account if he has been a Participant in the Plan for fewer than 5 years unless such amounts are attributable to allocations made more than two years before the date of withdrawal.

(b) Second, the principal amount of his matched Taxed Contributions made prior to 1987;

(c) Third, the principal amount of his unmatched Taxed Contributions made after 1986 and earnings attributable to unmatched Taxed Contributions (whether or not made after 1986);

(d) Fourth, the principal amount of his matched Taxed Contributions made after 1986 and earnings attributable to matched Taxed Contributions (whether or not made after 1986);

(e) Fifth, amounts in his Company Contribution Account, to the extent vested; provided, however, that no amount in his Company Contribution Account may be withdrawn by a Participant who has been a Participant for fewer than five years unless such amounts are attributable to allocations made more than two years before the date of the withdrawal and further provided that no portion of an Aegis Retirement Contribution Account or Monarch Retirement Contribution Account may be withdrawn prior to termination of service;

(f) Sixth, in the case of a Participant who has attained age 59 1/2, all or any portion of his Tax Deferred Contribution Account; and

(g) Seventh, in the event of financial hardship as defined in Section 8.03(b), all or any portion of his Tax Deferred Contribution Account excluding any earnings credited to his Tax Deferred Contribution Account after December 31, 1988, subject to the conditions described in Section 8.03(c).

No withdrawal may be made under any subsection above unless all amounts that may be withdrawn under all preceding subsections have been withdrawn; provided, however, that a Participant may elect not to receive the amounts in his ESOP Account under the special ESOP Account withdrawal rule applicable to Participants who have attained age 50, described in Section 8.01(a), above. The amount to be withdrawn shall be based on the Current Market Value of the investment as of the applicable Valuation Date immediately preceding the date of the distribution. Such distribution shall be made in cash; provided, however, that a withdrawal from a Participant's ESOP Account may be paid in shares of Company Stock if so elected by the Participant.

In accordance with procedures established by the Administrative Committee and in Section 10.03, to the extent required by law, a Participant who is eligible to receive a withdrawal may elect to have such withdrawal paid directly into an individual retirement account, individual retirement annuity or a qualified trust, provided that in the case of a rollover to a qualified trust, the terms of the related plan permit the acceptance of such distribution.

Notwithstanding the foregoing, if the Plan receives written notice of a contemplated divorce or QDRO or receives a domestic relations order, no withdrawals shall be permitted from the Participant's account except as provided in Section 10.06.

8.02 Penalties for General Withdrawals. The following paragraphs apply solely to Active Participants who have not yet attained age 50.

(a) A Participant may withdraw any amount up to the principal amount of his unmatched Taxed Contributions once during a Plan Year without penalty.

(b) If a Participant who has made a withdrawal pursuant to paragraph (a) above during a Plan Year makes a second withdrawal from his Account during such Plan Year, whether or not the withdrawal is in excess of the principal amount of his unmatched Taxed Contributions (other than for hardship as described in Section 8.03), he shall be suspended from having Tax Deferred Contributions made on his behalf and from making Taxed Contributions for a period of twelve (12) months from the date of the first withdrawal (six (6) months on and after January 1, 2002).

(c) If a Participant makes a withdrawal of amounts in excess of the principal amount of his unmatched Taxed Contributions, other than for hardship as described in Section 8.03, he shall be suspended from having Tax Deferred Contributions made on his behalf and from making Taxed Contributions for a period of one year from the date of withdrawal (six (6) months on and after January 1, 2002).

8.03 Hardship Withdrawals.

(a) A withdrawal for hardship described in Section 8.01(g) will be granted only if the withdrawal is made on account of hardship as defined in paragraph (b) below, and is necessary to satisfy an immediate and heavy financial need of the Participant as described in paragraph (c) below. The Administrative Committee, in its discretion, shall determine the existence of a hardship and the amount necessary to meet that need in accordance with the provisions of this Section 8.03 and criteria described in Treas. Reg. Section 1.401(k) 1 (d)(2) as applied to the Participant's applicable facts and circumstances.

(b) For purposes of this Section 8.03 and Appendix B, hardship means an immediate and heavy need to draw on financial resources to meet obligations incurred or to be incurred with respect to: (i) uninsured medical expenses (as defined in Code Section 213(d)) incurred or to be incurred by the Participant, his Spouse or dependents (as defined in Code Section 152); (ii) costs directly related to the purchase of a principal residence (excluding mortgage payments) of the Participant; (iii) the payment of tuition and related educational fees, room and board, for the next 12 months of post secondary education for the Participant, his Spouse, children or dependents; (iv) the prevention of the eviction of the Participant from his principal residence or to prevent foreclosure on the mortgage of his principal residence; and (v) other extraordinary expenses as determined by the Administrative Committee. Hardship shall also include any other expenses determined by the Secretary of the Treasury to constitute a deemed immediate and heavy financial need.

(c) A withdrawal shall not be deemed to be necessary to satisfy a Participant's immediate and heavy financial need unless: (i) the withdrawal does not exceed the amount needed to satisfy the Participant's immediate financial need created by the hardship (including any taxes or penalties reasonably anticipated to result from the hardship withdrawal); (ii) the Participant has obtained all available distributions and discretionary withdrawals (including hardship distributions) and all nontaxable loans under this Plan and all other plans maintained by an Affiliated Company; (iii) the Participant is suspended from having Tax Deferred Contributions made on his behalf and from making Taxed Contributions under this Plan or any other plan (other than a welfare plan or a plan described in Section 125 of the Code that provides welfare benefits) maintained by an Affiliated Company until the expiration of the 12 month period immediately following the receipt of the withdrawal (until the expiration of six (6) months for Hardship distributions made on or after January 1, 2002) ; and (iv) for hardship withdrawals made prior to January 1, 2002 only, when Tax Deferred Contributions resume, the maximum dollar amount of the Participant's Tax Deferred Contributions shall be the applicable dol1ar amount specified in Code Section 402(g) reduced by the amount of such Participant's Tax Deferred Contribution for the taxable year in which the Hardship withdrawal occurred.

8.04 Period of Suspension . A Participant who is suspended pursuant to Sections 8.02 or 8.03 will continue to be considered an Eligible Employee for purposes of the contributions made under Sections 3.01 and 3.04 and a Participant for purposes of the allocations made pursuant to Sections 5.02, 5.03 and 5.04, and will continue to be credited with Years of Service during his continued employment, even though no Tax Deferred Contributions or Taxed Contributions will be made on his behalf for the period of suspension.

8.05 Limitation on Withdrawals for Participants with Outstanding Loans . A Participant with an outstanding loan pursuant to Article IX may request a withdrawal pursuant to this Article VIII, but any such withdrawal shall be limited so that the value of the vested portion of his Account is not reduced below 200% of the balance of all outstanding loans as of the date of the withdrawal.

ARTICLE IX

LOANS TO PARTICIPANTS AND BENEFICIARIES

9.01 Loan Program . The Administrative Committee is authorized in its sole discretion to establish and maintain a loan program in accordance with Section 408 (b)(1) of ERISA and related regulations and consistent with the provisions of this Article IX. Only Eligible Employees and Active Participants (i.e., an individual who is a Party in Interest as defined in Section (3)(14) of ERISA, hereinafter collectively referred to as "Eligible Borrowers") shall be eligible to participate in the loan program. The previous sentence notwithstanding, officers of the Company are Participants in the Plan excluded from the group of eligible employees who are Eligible Borrowers. Loans shall be processed and made in accordance with rules and procedures from time to time adopted by the Administrative Committee in its discretion. Such rules and procedures shall be in a written document and are incorporated herein by reference.

9.02 General Rules . Any Eligible Borrower with a vested interest in an Account Balance under the Plan may make an application to the Administrative Committee (or its delegate) for a loan. Loan applications shall be approved or denied by the Administrative Committee (or its delegate) within a reasonable period of time after receipt. Loans shall be made available to all Eligible Borrowers on a uniform and reasonably equivalent basis, without regard to an individual's race, color, religion, sex, age or national origin. In reviewing a loan application, only those factors which would be considered in a normal commercial setting by an entity in the business of making similar types of loans may be considered. Such factors may include the Eligible Borrower's creditworthiness and financial need. If approved, the Administrative Committee (or its delegate) shall direct the Trustee to make a loan to the Eligible Borrower. Any loan made to an Eligible Borrower shall be treated as a segregated investment of a portion of the Eligible Borrower's Account Balance. Notwithstanding the foregoing, if the Plan receives written notice of a contemplated divorce or QDRO or receives a domestic relations order, no loans shall be permitted from the Participant's Account except as provided in Section 10.06(c).

9.03 Amount . Loans shall be made in amounts approved by the Administrative Committee in its discretion. No loan shall be for less than Five Hundred Dollars ($500). A Participant may have up to, and including, five loans outstanding at any given time. No loan when added to the outstanding balance of all other loans from the Plan to the Eligible Borrower shall exceed the lesser of:

(1) Fifty Thousand Dollars ($50,000), reduced by the excess (if any) of the highest outstanding balance of loans from the Plan to the Eligible Borrower during the one-year period ending on the day before the date the loan is made, over the outstanding balance of loans from the Plan to the Eligible Borrower on the date the loan is made, or

(2) one-half (1/2) of the Eligible Borrower's vested Account Balance as of the valuation date coincident with or immediately preceding the date of the loan.

9.04 Rate of Interest and Term of Loan . All loans shall be considered a segregated investment of the Trust Fund and shall bear a reasonable rate of interest to be determined by the Administrative Committee taking into consideration the interest rates being charged by regional and local banks, the prevailing prime rate and general economic conditions. The interest rate shall not exceed the maximum rate allowed by state or federal law; provided, however, that the Administrative Committee shall have no obligation to make loans during any period in which the maximum rate allowed by state or federal law would not permit the loan to bear a reasonable rate of interest in light of the prevailing economic circumstances. All loans shall be for a maximum of five (5) years or for such shorter term as the Administrative Committee may determine.

9.05 Security . All loans shall be secured by the pledge of the Eligible Borrower's vested Account Balance under the Plan and may be further secured by additional collateral acceptable to the Administrative Committee if the Administrative Committee determines, in a uniform and nondiscriminatory manner, that such additional collateral is necessary or desirable to ensure repayment of the loan. No more than fifty percent (50%) of an Eligible Borrower's Vested Account Balance determined as of the valuation date coincident with or immediately preceding the date of the loan may be used to secure a loan. In the event of default, foreclosure on the note and the attachment of the Plan's security interest in an Account Balance will not occur until a distributable event occurs under the Plan.

9.06 Repayment . All loans shall provide for substantially level amortization over the term of the loan, with payments of principal and interest paid through automatic payroll deductions; provided, however, that the Eligible Borrower may prepay the loan in full at any time without penalty and the Administrative Committee may require repayment in full upon the Eligible Borrower's termination of employment. To the extent permitted by law, repayments will be suspended during unpaid leaves of absence or layoffs of up to one year although interest will continue to accrue during these periods of suspension. Upon the Participant's return to employment, the accrued interest will be added to his outstanding loan balance and the individual's repayment schedule will be adjusted; provided, however, that the original term of the loan shall not be extended by virtue of such leave of absence. If a leave of absence or layoff exceeds one year, the outstanding loan balance will become immediately due and payable as of the end of the one year period. If an Eligible Borrower withdraws a portion or all of such individual's vested Account Balance or becomes entitled to payment of benefits under the Plan, such payments or withdrawals shall first be applied toward any outstanding loan balance (including accrued interest), with the excess, if any, paid directly to the individual.

ARTICLE X

DISTRIBUTIONS

10.01 Termination of Employment .

(a) If an Active Participant separates from service (within the meaning of Code Sections 401(k) and 409(o)) or terminates employment on account of disability or death, upon filing an application therefor as prescribed by the Administrative Committee and subject to Section 9.06 hereof, the value of such Former Participant's Account, to the extent vested, shall be distributed to him, or if he is not living, to his Beneficiary, either in a lump sum or in installments, as the Participant (or his Beneficiary) has elected; provided, however, that the Administrative Committee shall direct the Trustee to distribute, in a lump sum, the Participant's entire Account as soon as practicable following his termination of employment if the value of the vested portion of the Participant's Account does not exceed $5,000 (or such other amount as provided under Code Section 411(a)(11)) ($3,500 for Plan Years commencing prior to August 5, 1997). If the value of the vested portion of a Participant's Account exceeds the applicable small lump sum benefit amount (as provided in the preceding sentence), distributions shall be made or shall commence at such time as the Participant (or his Beneficiary) may elect in accordance with Section 10.04. With respect to distributions made on or after January 1,2002, for purposes of this subsection, the value of the Participant's vested Account Balance shal1 be determined without regard to that portion of the Account Balance that is attributable to Rollover Contributions (and earnings allocable thereto). Effective as of such date as Department of Labor final regulations shall prescribe, a distribution under this Section which is greater than $1,000, but not more than $5,000, shall be rolled over to an individual retirement account which is designated in accordance with such final regulations, unless the Participant elects otherwise.

(b) Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee's election under this Section 10.01(b). a distributee may elect, at that time and in the manner prescribed by the Administrative Committee, to have any portion of "eligible rollover distribution" paid directly to an "eligible retirement plan" specified by the distributee in a "direct rollover." An "eligible rollover distribution" is any distribution of all or any portion of the account balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period often (10) years or more; any distribution to the extent such distribution is required under Section 40l(a)(9) of the Code; for distributions made prior to January 1, 2002, the portion of any distribution that is not includable in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities); and any distribution made on or after January 1. 1999 that qualifies as a Hardship Distribution.

An "eligible retirement plan" is an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, an annuity plan described in section 403(a) of the Code, or a qualified trust described in Section 401(a) of the Code, that accepts the distributee's eligible rollover distribution. For distributions made on or after January 1. 2002, an "eligible retirement plan" shall also include an annuity contract described in section 403(b) of the Code, and an eligible deferred compensation plan described in section 457(b) of the Code which is maintained by a state, political division of a state, or any agency or instrumentality of such a state or political subdivision thereof, which agrees to separately account for amounts transferred into such plan from this Plan. The definition of 'eligible retirement plan' shall also apply in the case of a distribution to a surviving spouse, or a spouse or former spouse who is the alternate payee under a QDRO, as defined in Section 414(p) of the Code. However, in the case of an eligible rollover distribution made prior to January 1, 2002 to a surviving spouse, an "eligible retirement plan" is limited to an individual retirement account or individual retirement annuity.

For distributions made after December 31.2001, a portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions which are not includible in gross income. Such portion, however, may be transferred only to an individual retirement account or annuity described in section 408(a) or (b) of the Code, or to a qualified defined contribution plan described in section 401(a) or 403(a) of the Code that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.

The Administrative Committee need not obtain evidence that a retirement plan had received an IRS determination letter in order to have a reasonable belief that a retirement plan is qualified under Code Section 401(a). A “direct rollover” is a payment by the Plan to the eligible retirement plan specified by the distributee. For purposes of this Section l0.01(b), a distributee includes an Employee or former Employee. In addition, the Employee’s or former Employee’s surviving spouse and the Employee’s or former Employee’s spouse or former spouse who is an alternate payee under a qualified domestic relations order, as defined in section 414(p) of the Code, are distributees with regard to the interest of such spouse or former spouse.

(c) The value of any distribution shall be based on the Current Market Value of the Participant’s Account.

10.02 Method of Distribution . Subject to Section 10.01(a), a Former Participant’s Account shall be paid to him (or in the event of his death, to his Beneficiary) in a lump sum unless the Participant (or in the event of his death, his Beneficiary) elects to have the value of his Account paid in annual installments over:

(a) a fixed period of up to 15 years (but not exceeding the life expectancy of the Former Participant, or the joint and last survivor expectancy of the Former Participant and his Beneficiary); or

(b) if the Former Participant’s life expectancy exceeds 15 years, the life expectancy of the Former Participant.

The amount to be paid to the Former Participant (or Beneficiary) in each installment shall be determined by multiplying the value of the account balances, determined in accordance with Section 10.01(c) as though the date of the installment were the distribution date, by a fraction, the numerator of which is one and the denominator of which is the number of installments remaining to be distributed. The life expectancy of the Former Participant and his Beneficiary will be calculated by use of the return multiples specified in Section 1.72 9 of the Income Tax Regulations. The life expectancy of a Former Participant and his Beneficiary may not be recalculated.

If a Former Participant who has elected to receive installments dies prior to receiving all such installments, any remaining installments will be paid when due to the Beneficiary, or if the Beneficiary elects, in a lump sum as soon as practicable following the Participant’s death. In the event a Beneficiary dies while receiving installment payments, amounts remaining to be paid shall be paid in a lump sum to said Beneficiary’s estate.

Alternate methods of distribution may apply to any portion of a Participant’s Account that has been transferred to the Plan from another qualified plan pursuant to Section 3.06.

Former Participant may receive partial distributions from their Accounts prior to such Former Participant’s Required Beginning Date.

10.03 Form of Distribution . Distributions under the Plan shall be made in the following manner:

(a) all distributions from other than the Olin Common Stock Funds shall be paid in cash, except that such amounts may, at the election of the distributee, be paid in Company Stock with any fractional interest in a share of Company Stock paid in cash;

(b) all distributions from the Olin Common Stock Funds shall be paid in Company Stock, except that any fractional interest in a share of Company Stock shall be paid in cash; provided that any distribution to any other distributee who so elects, shall be in cash as provided below.

10.04 Date of Distribution . Generally, distributions will be made as soon as practicable on or after the distribution date elected by the distributee; provided, however, that in the discretion of the Administrative Committee, distributions may be made or commence within sixty (60) days of the distribution date elected. Notwithstanding anything in the Plan to the contrary, distributions shall commence no later than the Participant’s Required Beginning Date.

In the event of the Participant's death prior to his Required Beginning Date as described in the preceding paragraph, distribution of the Participant's Account shall be completed within five years after the Participant's death unless distribution is made over a period not extending beyond the life expectancy of the Beneficiary and either (a) the Participant's Beneficiary is his Spouse and payments begin no later than the date on which the Participant would have attained age 70 1/2 or (b) distribution begins within one year of the Participant's death.

10.05 Compliance with Applicable Law . Notwithstanding anything in the Plan to the contrary, distributions under this Plan shall be made in accordance with Code Section 401(a)(9) and any regulations issued thereunder (described more fully in Appendix A-2 hereof) and in accordance with Code Section 409(o). To the extent that any provision of the Plan is inconsistent with such section of the Code or such regulations, such Plan provision shall be disregarded.

10.06 Distributions to Comply with Qualified Domestic Relations Order . In the case of any Participant with respect to whom the Plan has received a QDRO awarding an alternate payee all or any portion of the Participant's interest under the Plan, the following rules shall apply:

(a) Subject to Section 10.01(b), if necessary to comply with the terms of the QDRO, or if not prohibited by the terms of the QDRO and requested by the alternate payee, an amount shall be distributed to the alternate payee from the vested portion of the Participant's Account (net of any outstanding loans) sufficient to comply with the terms of the QDRO. Such amount shall be distributed to the alternate payee in a lump sum as soon as practicable and if the full amount required under the QDRO to be distributed from the Plan is so distributed, the alternate payee shall have no further interest in the Plan. If the Participant's vested interest (net of any outstanding loans) in the Plan is less than the amount necessary to comply with terms of the QDRO, no amount shall be distributed to the alternate payee pursuant to this Section 10.06 and amounts due under the QDRO to the Alternate Payee shall be paid in accordance with the terms of the QDRO and applicable law.

(b) In the event that the amounts due the alternate payee under a QDRO are not distributed to the alternate payee pursuant to paragraph (a) above, the alternate payee's interest shall be held in a separate account segregated from the Participant's Account, and the value of the Participant's Account shall be calculated without reference to such amounts segregated pursuant to this paragraph.

(c) In accordance with procedures established by the Administrative Committee, if a domestic relations order, as defined in Section 414(p)(1)(B) of the Code (including, in the Administrative Committee's discretion, a restraining order), is received, then no distribution, in-service withdrawal or loan from the Plan shall be made to the Participant until it is determined whether the domestic relations order constitutes a QDRO, but in no event shall such suspension of distributions, withdrawals and loans continue beyond the date which is 18 months following the receipt of such domestic relations order. Notwithstanding the above, if a distribution from the Plan to the Participant or his Beneficiary is required to comply with applicable law under ERISA or the Code, then a distribution shall be made to the extent necessary to comply with such law.

10.07 Distribution Rights Pertaining to Stock Distributions .

(a) A Participant or Beneficiary who receives a distribution of Company Stock from the Plan which at the time of distribution is not publicly traded or is subject to any restrictions on disposition under any federal or state securities law or any regulation thereunder, or pursuant to any agreement affecting such Stock, which would make such Stock not as freely tradable as stock not subject to such restrictions shall have a "put option" with respect to such Stock upon terms no less favorable than the following:

(i) Upon receipt of the Stock, the distributee shall have sixty (60) days to require, by filing written request with the Administrative Committee, that the Company (or if the Trustee so elects, the Trustee) repurchase the Stock at its fair market value. If the put option is not exercised within the applicable period, it will temporarily lapse;

(ii) If there is a temporary lapse of the put option under (i), above, after the close of the Plan Year in which such lapse occurs the Company shall determine the value of the Stock at the end of that Plan Year and notify the distributee of such value, who will then have sixty (60) days to require, by filing written request with the Administrative Committee, that the Company (or if the Trustee so elects, the Trustee) repurchase the Stock. If the put option is not exercised in the applicable period it will permanently lapse.

(iii) If the Stock is contributed by a distributee to an IRA, the trustee of the IRA will have, and may exercise, in the same manner, the put option that the distributee otherwise would have had.

On a uniform and nondiscriminatory basis, the Administrative Committee from time to time in its sole discretion may grant put options on a more simplified basis so long as such options are not less favorable to Participants than as provided above.

(b) Company Stock distributions under the Plan shall be in whole shares, containing such legends and upon such terms and conditions and with such restrictions as the Administrative Committee may determine to be necessary or appropriate to satisfy requirements of the Securities and Exchange Commission or other applicable laws or regulations, or to provide the Company (or the Trustee), if so requested, with a right of first refusal with respect to the Stock being distributed, such right to be exercisable only if the Stock is not publicly traded at the time the right may be exercised.

(c) Except as otherwise provided in this Section 10.07, no Company Stock shall be subject to a put, call, or other option, or buy sell or similar arrangement while held in the Fund or at the time of distribution therefrom.

(d) The protections and rights contained in this Section 10.07 shall be nonterminable and, accordingly, shall continue to exist, even if the Plan ceases to be an employee stock ownership plan as defined in Section 4975(e)(7) of the Code.

ARTICLE XI

TRUST FUND

11.01 Trust Agreement . In order to implement the Plan, the Company shall enter into one or more Trust Agreements pursuant to which all the funds of the Plan shall be held by one or more Trustees in one or more trusts. Under no circumstances shall any part of the corpus or income of the trust fund established under the Plan be used for, or diverted to, purposes other than for the exclusive benefit of the Participants and their Beneficiaries, except as provided in Section 11.03.

11.02 Trustee . The Investment Committee may remove the Trustee at any time for any reason upon the notice required under the Trust Agreement, and if the Trustee resigns or is removed, the Investment Committee shall designate a successor Trustee.

11.03 Return of Contributions . No contribution to the Plan shall be refunded to a Participating Employer unless such contribution was:

(a) conditioned upon the tax deductibility of such contribution and such contribution is not deductible, and it shall be presumed that all contributions are conditioned upon deductibility; or

(b) made as a result of a mistake of fact.

Such refund shall be made, if requested by a Participating Employer in writing, within one year from the date a contribution was made as a result of a mistake of fact, or from the date of disallowance of a deduction (or other applicable date) as the case may be. Any contribution refunded as provided above shall be adjusted to reflect its proportionate share of the trust fund’s loss, if any, but shall not be adjusted to reflect its share of the trust fund’s gain, if any.

ARTICLE XII

ADMINISTRATION

12.01 Administrative Committee . The Pension and CEOP Administrative Committee, with membership and charter as may be established by the Company from time to time, shall be one of the Plan's two named fiduciaries and shall be the administrator of the Plan within the meaning of Section 3(16)(A) of ERISA. The Administrative Committee shall administer the Plan in accordance with its terms and shall have all the powers necessary to carry out the provisions of the Plan. The Administrative Committee, or its agent or delegate, has the absolute authority and sole discretion to interpret the terms of the Plan, including the Plan's eligibility provisions and its provisions relating to qualification for and accrual of benefits. The Administrative Committee's decisions shall be final and binding on all persons seeking benefits. Benefits shall only be paid under this Plan only if the Administrative Committee, in its sole discretion, determines that such person is entitled to them. Any exercise of discretion by the Administrative Committee shall be exercised in a nondiscriminatory manner as applied to similarly situated individuals. Unless the Company determines otherwise, the Administrative Committee shall have no fiduciary responsibility relating to the selection of investment options and other asset management matters under the Plan.

12.02 Investment Committee . The Investment Committee, with membership and charter as may be established by the Company from time to time, shall be the Plan's named fiduciary with respect to the selection of Funds and all other matters pertaining to the investment and management of Plan assets.

12.03 Delegation . Each of the Investment Committee and Administrative Committee have the authority to delegate any of their powers or duties to any other person. Any such person may further delegate its powers or duties to another person. Unless otherwise expressly provided, any delegation or subsequent delegation shall include the same full, final and discretionary authority that the delegating party has and any decisions, actions or interpretations made by any delegate shall have the same ultimate binding effect as if made by the delegating entity.

12.04 Action by Company . The Board of Directors, the Compensation Committee of the Board of Directors, or the Benefit Plan Review Committee (or any of their respective delegates) may act on behalf of the Company with respect to actions or matters reserved to the Company in this Plan; provided that each of these have the authority to delegate any of their powers or duties to any other person. Any such person may further delegate its powers or duties to another person. Any delegation or subsequent delegation shall include the same authority that the delegating party has, except as otherwise expressly provided in any delegation.

12.05 Employment of Agents . The Administrative Committee and the Investment Committee may employ such legal, medical, insurance, accounting, actuarial or other experts as it deems necessary or desirable, in its sole discretion, in carrying out the provisions of the Plan.

12.06 Fiduciary Responsibilities . The Administrative Committee and the Investment Committee are the Plan's named fiduciaries and have the fiduciary duties set forth herein. The Administrative Committee and the Investment Committee, together with the Trustee, have been designated to carry out all fiduciary responsibilities under ERISA with respect to the Plan, except for those responsibilities specifically delegated to another person.

The Company may allocate other fiduciary responsibilities among the fiduciaries named in the Plan or may designate persons other than named fiduciaries to carry out fiduciary responsibilities.

Any of the fiduciaries of the Plan may, by agreement among themselves, allocate specific responsibilities among themselves or delegate to other persons all or such portion of their fiduciary duties hereunder, as they, in their sole discretion, shall decide, other than those granted to the Trustee under the Trust Agreement. The Company may purchase insurance to cover the potential liability of all persons who serve in a fiduciary capacity (as defined in ERISA or the Plan) with regard to the Plan.

12.07 Compensation. No member of the Administrative Committee or Investment Committee shall receive any compensation for his services as such. Each member of such Committees and each other Fiduciary of the Plan shall be bonded as required by ERISA.

12.08 Committee Liability. The members of the Administrative Committee and Investment Committee shall use the degree of care, skill, prudence and diligence in carrying out their duties that a prudent man, acting in a like capacity and familiar with such matters, would use in his conduct of a similar situation.

Except as provided in ERISA or in the Regulations, in administering the Plan neither a member of the Administrative Committee or Investment Committee, nor a Participating Employer nor any director, officer or employee thereof, shall be liable for any acts of omission or commission, except for his or its own individual, willful and intentional malfeasance or misfeasance and each Participating Employer, its officers, directors and Employees and any member of the such Committees shall be entitled to rely conclusively on all tables, valuations, certificates, opinions and reports which shall be furnished by any actuary, accountant, Trustee, insurance company, counsel or other expert who shall be employed or engaged by the Participating Employer or such Committees.

To the maximum extent permitted by law, no member of the Administrative Committee or Investment Committee or officer, employee or director of the Company or any Participating Employer to whom any duty or power relating to the administration or interpretation of the Plan or to the management and control of the assets of the Plan may be delegated or allocated shall be personally liable by reason of any contract or other instrument executed by him or on his behalf in his capacity as a fiduciary of the Plan nor for any action taken or omitted or mistake of judgment made in good faith, and the Company (or the appropriate Participating Employer) shall indemnify and hold harmless, directly from its own assets (including the proceeds of any insurance policy the premiums of which are paid from its own assets) against any cost or expense (including counsel fees) or liability (including any sum paid in settlement of a claim with the approval of the Company or applicable Participating Employer) arising out of any act or omission to act in connection with the Plan unless arising out of such person's own fraud or bad faith.

12.09 Reports to Participants. At least once a Plan Year, each Participant shall be furnished a written statement setting forth the value of his Account together with such additional information as determined by the Administrative Committee.

12.10 Administrative Expenses. All brokerage costs, transfer taxes and similar expenses incurred in connection with the investment and reinvestment of the Fund and all taxes of any kind whatsoever which may be levied or assessed under existing or future laws upon or in respect of the Trust Fund shall be paid from the Fund, and, until paid, shall constitute a charge upon the Trust Fund. All other administrative expenses of the Plan and the Fund shall be paid from the Fund, to the extent not paid by the Participating Employers. The Participating Employers may advance funds to the Plan for the payment of Plan ordinary operating and administrative expenses, and shall be entitled to be reimbursed therefor from the Plan without interest. The Administrative Committee is authorized in its discretion to establish administrative fees which may be charged against each Participant's Account. Notwithstanding the foregoing, effective as of March 1, 2001, Trustee fees, investment management fees, commissions and related Plan administrative expenses will be incorporated into the fees associated with the Funds made available under the Plan. In addition, fees associated with the self-directed brokerage feature will be charged directly to the affected Participant's account, and the account of each Participant applying for a Plan loan will be charged an application fee ($50 per loan as of March 1, 2001, subject to change). No commissions will be charged on purchases of Company Stock directly from a Participating Employer or from Accounts in the Plan.

12.11 Special Fiduciary Provisions Concerning Employer Stock.

(a) The Trustee shall adopt procedures designed to safeguard the confidentiality of information relating to the purchase, holding, and sale of securities, and the exercise of voting, tender and similar rights with respect to such securities by Participants (and Beneficiaries), except to the extent necessary to comply with Federal laws or state laws not preempted by ERISA. The Administrative Committee shall ensure that the foregoing procedures are sufficient to safeguard the confidentiality of such information and such procedures are being followed.

ARTICLE XIII

VOTING AND TENDER OFFERS

13.01 Voting of Company Stock. Each Participant (or Beneficiary in the event of the death of the Participant) is, for the purposes of this Section 13.01, hereby designated a named fiduciary within the meaning of Section 402(a)(2) of ERISA, with respect to the Company Stock allocated to his Account and he may direct the Trustee as to the manner in which the Company Stock represented by the Company Stock portion of his Olin Common Stock Fund Accounts is to be voted.

Before each annual or special meeting of shareholders of the Company, there shall be sent to each Participant, and in the event of the Participant's death, his Beneficiary, a copy of the proxy solicitation material for such meeting, together with a form requesting instructions to the Trustee on how to vote the Company Stock allocated to such Participant's or Beneficiary's Account. Upon receipt of such instructions, the Trustee shall vote such shares as instructed, determined separately with respect to shares of Company Stock. In lieu of voting fractional shares as instructed by Participants or Beneficiaries, the Trustee may vote the combined fractional shares of each type of Company Stock to the extent possible to reflect the direction of Participants or Beneficiaries with allocated fractional shares of Company Stock. Subject to any countervailing fiduciary duties that may require the Trustee to exercise its independent fiduciary judgment to the contrary, the Trustee shall vote shares of Company Stock allocated to Accounts under the Plan for which the Trustee received no valid voting instructions in the same manner and in the same proportion as the shares of Company Stock with respect to which the Trustee received valid voting instructions. Instructions to the Trustee shall be in such form and pursuant to such regulations as the Administrative Committee may prescribe.

13.02 Tendering Company Stock.

(a) The provisions of this Section 13.02 shall apply in the event any person (other than the Company), either alone or in conjunction with others, makes a tender offer, or exchange offer, or otherwise offers to purchase or solicits an offer to sell to such person one percent or more of the outstanding shares of a class of Company Stock held by the Trustee hereunder (herein jointly and severally referred to as a "tender offer". As to any tender offer, each Participant (or Beneficiary in the event of the death of the Participant) shall have the right to determine whether shares held subject to the Plan will be tendered.

(b) A Trustee may not take any action in response to a tender offer except as otherwise provided in this Section 13.02. Each Participant (or Beneficiary in the event of the death of the Participant) is, for all purposes of this Section 13.02, hereby designated a named fiduciary within the meaning of Section 402(a)(2) of ERISA, with respect to the shares of Company Stock allocated to his Account, and he may direct the Trustee to sell, offer to sell, exchange or otherwise dispose of the Company Stock allocated to such individual's Account in accordance with the provisions, conditions and terms of such tender offer and the provisions of this Section 13.02. Such instructions shall be in such form and shall be filed in such manner and at such time as the Trustee may prescribe.

(c) The Trustee shall sell, offer to sell, exchange or otherwise dispose of the Company Stock allocated to the Participant's or Beneficiary's Account with respect to which it has received directions to do so. The proceeds of a disposition directed by a Participant or Beneficiary from his Account under this Section 13.02 shall be allocated to such individual's Account and be governed by the provisions of Section 13.02(e) or other applicable provisions of the Plan and/or the Trust Agreement.

(d) To the extent to which Participants and Beneficiaries do not issue valid directions to the Trustee to sell, offer to sell, exchange or otherwise dispose of the Company Stock allocated to their Account, such individuals shall be deemed to have directed the Trustee that such shares remain invested in Company Stock subject to all provisions of the Plan.

(e) To the extent possible, the proceeds of a disposition of Company Stock in an individual's Account pursuant to a tender offer as described in this Section 13.02 shall be reinvested by the Trustee in any substituted shares of Company Stock (or, if stock of an affiliated company is substituted, then in such substituted shares of the affiliated company) as expeditiously as possible in the exercise of the Trustee's fiduciary responsibility. In the event that Company Stock is no longer available to be acquired following a tender offer, the Company may direct the substitution of new employer securities for the Company Stock or for the proceeds of any disposition of Company Stock. Pending the substitution of new employer securities or the termination of the Plan and trust, cash proceeds from the tender offer held in the trust fund shall be invested in short-term securities issued by the United States of America or any agency or instrumentality thereof.

ARTICLE XIV

AMENDMENT AND TERMINATION

14.01 Amendment .

(a) Subject to the terms of any applicable collective bargaining agreement, the Company may at any time, and from time to time, amend the Plan and such amendment shall be binding on all Participating Employers, Participants and Beneficiaries.

(b) Notwithstanding anything herein to the contrary, if an applicable vesting schedule is amended, a Participant who has completed three (3) Years of Service as of the expiration of the election period described below may elect to be subject to the vesting schedule in effect prior to the change in the vesting schedule. Such election must be made during the period which begins on the date on which the amendment changing the vesting schedule is adopted and which ends on the latest of the following dates:

(1) the date which is sixty (60) days after the date on which the Plan amendment is adopted;

(2) the date which is sixty (60) days after the date on which the Plan becomes effective;

(3) the date which is sixty (60) days after the date the Participant is issued written notice of the Plan amendment by the Company; or

(4) such later date as may be specified by the Company.

The election provided for in this Section 14.01(b) shall be irrevocable when made.

14.02 Termination .

(a) The Plan is entirely voluntary on the part of the Company and other Participating Employers. Subject to the terms of any applicable collective bargaining agreement, the Company reserves the right at any time to terminate the Plan, the Trust Agreement and the trust hereunder or to suspend, reduce or partially or completely discontinue contributions thereto. To the extent required by law, in the event of such termination or partial termination of the Plan or complete discontinuance of contributions, the interests of the affected Participants shall automatically become nonforfeitable and, at the election of the Company, such amounts shall either (i) continue to be held in the trust fund until distributed as provided in Section 10.01 or (ii) to the extent permitted by law, be distributed to such Participants in the same manner as if their employment had been terminated.

(b) In the event of a complete termination of the Plan or the complete discontinuance of contributions, any forfeitures not previously applied in accordance with Section 7.04 shall be credited ratably to the Accounts of all Participants in proportion to the value of the Participants' Accounts as of the date of termination or complete discontinuance of contributions.

14.03 Termination of an Employer's Participation . Without affecting the continuing participation in the Plan of the Company or any other Participating Employer, the Company, with or without cause, may terminate the participation of any Participating Employer in the Plan by written notice to such Participating Employer, and any Participating Employer may voluntarily terminate its participation in the Plan by written notice to the Company. If any Participating Employer ceases to be a party to this Plan, the Administrative Committee shall cause to be determined that fraction of the Fund allocable to the then Employees of the terminating Participating Employer. Within a reasonable period of time the Trustee shall set aside sufficient assets from the Fund to equal in value such fraction of the entire value of the Fund. The Administrative Committee may direct the Trustee to (a) distribute such assets as if the Plan had been terminated on the date such former Participating Employer ceased to be a party to this

Plan, (b) deliver such assets to another plan trustee designated by such former Participating Employer, or (c) take whatever alternative action may be deemed appropriate under the circumstances.

ARTICLE XV

MISCELLANEOUS PROVISIONS

15.01 Nonalienation of Benefits. Except (a) as may be required to comply with a qualified domestic relations order in accordance with Code Section 414(p); (b) on or after August 5, 1997, as may be permitted under Code Section 401(a)(13)(C); or (c) to the extent a Participant's Account is used as security for a loan from the Plan, any benefit that may be or become payable under the Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge any such benefits shall be void; and any such benefit shall not in any manner be liable for or subject to the debts, contracts, liabilities, engagements or torts of the person entitled to such benefit, nor shall it be subject to attachment or legal process for or against such person.

If any person entitled to any benefit under the Plan shall become bankrupt or shall attempt to alienate, sell, transfer, assign, pledge, or encumber such benefit, such benefit shall, in the sole discretion of the Company, cease and terminate, and in that event the Company shall cause such benefit, or any part thereof, to be held or applied for the benefit of such person, his Spouse, children or other dependents, or all or any of them, in such manner as the Company shall determine.

15.02 Benefits Paid Solely from the Trust Fund. All benefits under the Plan are to be paid or provided solely from the trust fund and the Company nor any of the Participating Employers assumes no liability or responsibility therefor.

15.03 No Contract of Employment. The Plan shall not be deemed to constitute a contract between any Participating Employer and any Participant or to be a consideration for, or an inducement for, the employment of any individual by any Participating Employer. Nothing contained in the Plan shall be deemed to give any individual the right to be retained in the service of any Participating Employer or to interfere with the right of any Participating Employer to discharge or to terminate the service of any individual at any time without regard to the effect that such discharge or termination might have upon any rights that he might have under the Plan.

15.04 Incompetency. If a Participant or any other person entitled to any payment under the Plan is unable to care for his affairs because of illness or accident or any other reason, any such payments due may, unless claim shall have been made therefor by a duly appointed guardian, conservator, committee or other legal representative, be paid by the Administrative Committee to the Spouse, child, parent or other blood relative or to any person deemed by the Administrative Committee to have incurred expenses for such Participant or other person entitled to payments under the Plan, and any such payment so made by the Administrative Committee shall be a complete discharge of the liabilities of the Plan therefor.

15.05 Missing Recipients. If within three years after any benefit is payable under the Plan, the Administrative Committee is unable to make payment because the identity and/or whereabouts of the Participant (or Beneficiary) cannot be ascertained, notwithstanding the mailing of due notice to any last known address or addresses, the Administrative Committee shall direct that such benefit or distribution, and all further benefits or distributions with respect to him, shall be used to reduce future contributions by Participating Employers. Such benefit shall be restored (in an amount equal to the amount forfeited) upon proper claim made by such Participant (or Beneficiary) prior to the termination of the Plan. Benefits restored under this Section 15.05 shall be made first from forfeitures arising under this Section; and, if such forfeitures are insufficient, from additional contributions by Participating Employers made in order to restore such benefits.

15.06 Mergers, Consolidations and Transfers of Plan Assets

(a) In the case of any merger or consolidation of the Plan with, or transfer of assets or liabilities of the Plan to, any other plan, each Participant shall (if such other plan were then to terminate) be entitled to receive a benefit immediately after such merger, consolidation or transfer that shall be at least equal to the benefit that he would have been entitled to receive immediately before such merger, consolidation or transfer (if the Plan had then terminated).

(b) Each Participant who is defined as a Transferred Employee under Article IX of the Asset Purchase Agreement by and between Olin Corporation and the Arco Chemical Company, dated as of October 9, 1996 (the "Agreement"), may elect to transfer such Participant's entire account balance (including any Participant loan, but subject to any applicable qualified domestic relations order) to the Section 401(k) savings plan sponsored by Arco covering such employees, provided, however, with the exception of any account receivable in the form of a Participant loan, the account balance will be transferred in cash, and not in kind.

(c) Each Participant who immediately prior to the effective date of the Primex Spin-off was an employee of the Company and whose employment is transferred directly to Primex shall have a one-time right to elect to transfer such Participant's vested account balance to the Section 401(k) savings plan established and maintained by Primex for the benefit of its employees (the "Prime Plan"). This elective transfer option is intended to and shall comply with the provisions of Treas. Reg. Section 1.411(d)-4, Q&A-3(b). The election to transfer shall be entirely voluntary, but the amount transferred must equal the Participant's entire non-forfeitable accrued benefit under the Plan. After the transfer, the Participant's account balance under the Prime Plan will be fully vested and non-forfeitable. Participants who do not elect to transfer their account balances to the Prime Plan, shall continue to participate in this Plan in accordance with its terms.

15.07 Claim Procedures . The provisions of this Section 15.07 shall be effective for claims filed on or after January 1, 2002. In order to receive any distribution or other benefits under the Plan, a Participant or Beneficiary must complete the appropriate benefit application procedure prescribed by the Administrative Committee. If a claim for benefits is denied in whole or in part by the Administrative Committee, the claimant shall be given written notice thereof within ninety (90) days following receipt of the claim by the Plan. The Administrative Committee determines that an extension is necessary, it shall notify the claimant of the results for the extension before the end of the initial ninety (90) day period. The extended period may not exceed one hundred eighty (180) days after the date of the filing of the claim.

A notice of adverse benefit determination must be in written or electronic form. Such notice shall set forth, in a manner calculated to be understood by the claimant:

(a) the reasons for denial of the claim;

(b) a reference to the particular provisions of the Plan on which denial of the claim is based;

(c) a statement as to any additional facts or information necessary to perfect the claim and an explanation as to why the same is required; and

(d) a description of the Plan's procedures hereinafter set forth for review of the denial of the claim, and a statement regarding the claimant's right to bring a civil action under ERISA Section 502(a) following an adverse benefit determination on appeal.

If a claim for benefits relates to benefits because of disability under the Plan, and the claim is denied in whole or in part by the Administrative Committee, the claimant shall be given written notice thereof within forty-five (45) days following receipt of the claim by the Plan. This period may be extended by the Administrative Committee for up to thirty (30) days, provided that the Administrative Committee determines that such an extension is necessary due to matters beyond the control of the Plan and notifies the claimant, prior to the expiration of the initial forty-five (45) day period, of the reasons for the extension. If, prior to the end of the first thirty (30) day extension period, the Administrative Committee determines that, due to matters beyond the control of the Plan, a decision cannot be rendered within that extension period, the period for making the determination may be extended for up to an additional thirty (30) days, provided that the Administrative Committee notifies the claimant, prior to the expiration of the first thirty (30) day extension period, of the reasons for the extension. A notice of extension under this paragraph shall specifically explain the standards on which entitlement to a benefit is based, the unresolved issues that prevent a decision on the claim, and the additional information needed to resolve those issues, and the claimant shall be afforded at least forty-five (45) days within which to provide the specified information (the period for making the benefit determination shall be toned from the date on which the notification of the extension is sent to the claimant until the date on which the claimant responds to the request for additional information).

Every person whose claim for benefits under the Plan is denied in whole or in part by the Administrative Committee shall have the right to request a review of such denial. Such review shall be granted upon written request therefor filed by the claimant with the Administrative Committee within sixty (60) days following receipt of the notice of the denial (within one hundred and eighty (180) days for disability benefit claims). Such review shall be conducted by the Administrative Committee (or another committee to be designated by the Company). For any review by the Administrative Committee, the claimant, in person or by duly authorized representative, may submit written comments, documents, records and other information related to the benefit claim on appeal. The claimant shall be provided, upon request and free of charge, access to and copies of all documents, records and other information relevant to the benefit claim. The review on appeal will consider all comments, documents, records and other information submitted by the claimant without regard to whether such information was submitted or considered in the initial benefit determination.

The Administrative Committee shall decide the matter with reasonable promptness and in any event within sixty (60) days (forty-five (45) days for disability benefit claims) after receipt of the appeal. If Administrative Committee determines that an extension is necessary, the Administrative Committee shall notify the claimant of the reasons for the extension before the end of such initial period. The extended period may not exceed one hundred and twenty (120) days (ninety (90) days if the claim relates to disability benefits) following receipt of a request for review. Its decision shall be in written or electronic form, and, in the event of an adverse benefit determination, shall set forth, in a manner calculated to be understood by the claimant, (i) the specific reasons for the decision, (ii) the provisions of the Plan on which the determination is based; (iii) a statement that the claimant is entitled to receive, upon request and free of charge, access to and copies of all documents, records and other information relevant to the benefit claim; and (iv) a statement regarding the claimant's right to bring a civil action under ERISA Section 502(a).

15.08 Cooperation of Participants. In order to receive any benefits under the Plan, a Participant (or Beneficiary) must furnish to the Administrative Committee such information as it may request for purposes of the proper administration of the Plan.

15.09 Applicable Law. All questions pertaining to the construction, validity and effect of the Plan shall be determined in accordance with the laws of the State of Connecticut, to the extent such laws are not preempted by ERISA.

15.10 Gender and Number. In the construction of the Plan, the masculine shall include the feminine and the singular shall include the plural in all cases where such meanings would be appropriate.

15.11 Headings. The headings of Articles and Sections are included solely for convenience of reference and shall have no effect upon the meaning of the provisions hereof.

15.12 Veterans' Rights Upon Re-Employment. Notwithstanding any provision of this plan to the contrary, effective for reemployments commencing on or after December 12, 1994, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with section 414(u) of the Code.

IN WITNESS WHEREOF, this plan document has been executed by a duly authorized officer of the Company effective as of December 1, 2003.

Witness:

OLIN CORPORATION

____

____

By ______________________________________

Its Sr. Vice President,
Corporate Affairs

APPENDIX A-1

TOP HEAVY PROVISIONS

The following special provisions shall apply to determine if the Plan is a Top Heavy Plan in accordance with Code Section 416 and any special rules that will apply based on such status. In the event that the provisions contained in this Appendix A-1 are inconsistent with the terms contained in the remainder of the Plan, the provisions contained in this Appendix A-1 shall take precedence.

ARTICLE I

Definitions

Aggregation Group: All plans maintained by an Affiliated Company that are qualified under the Code; provided that each such plan satisfies at least one of the following requirements:

(a) one or more Key Employees are Participants;

(b) the plan enables any plan in which a Key Employee is a Participant to comply with the coverage and nondiscrimination requirements of Sections 401(a)(4) and 410 of the Code; or

(c) such plan has been designated as a part of the Aggregation Group, provided that the resulting Aggregation Group meets the coverage and nondiscrimination requirements of Sections 401(a)(4) and 410 of the Code.

Determination Date: With respect to any Plan Year, the last day of the preceding Plan Year.

Key Employee: “Key Employee” shall mean any employee or former employee of the Company or of any Affiliated Company (and any beneficiary of such an employee) who at any time during the five (5) plan years ending on the determination date for the Plan Year in question (as defined under “Top-Heavy” in this Glossary) was:

(a) with respect to Plan Years prior to January 1,2002, an officer of the Company or of any Affiliated Company, provided, however, that for Plan Years beginning after December 31, 1983 only officers having an Annual Compensation greater than fifty percent (50%) of the dollar limitation in effect under Section 415(b)(1)(A) of the Code for the calendar year in which the Plan Year ends shall be included, and further provided that no more than fifty (50) persons (or, if lesser, the greater of three (3) persons or ten percent (10%) of the employees of the Company and the Affiliated Companies) shall be treated as officers;

(b) with respect to Plan Years prior to January 1,2002, one of the ten (10) employees having Annual Compensation of more than the dollar limitation in effect under Section 415(c)(1)(A) of the Code for the calendar year in which the Plan Year ends and owning (or considered as owning within the meaning of Section 318 of the Code) both more than a one-half percent (1/2%) interest and one of the ten largest percentage interests in the Company and Affiliated Companies (if two employees have the same interest in an employer, the employee having greater annual compensation shall be treated as having a larger interest);

(c) a person who, without application of the aggregation rules of subsections (b), (c) and (m) of Section 414(b) of the Code, owned (or was considered as owning within the meaning of Section 318 of the Code) more than five percent (5%) of the outstanding stock (or in the case of an unincorporated business, of the capital or profits interest) of the Company or Affiliated Company or stock possessing more than five percent (5%) of the total combined voting power of all of the stock of the Company or Affiliated Company; or

(d) a person who had Annual Compensation from the Company and/or Affiliated Companies of more than one hundred fifty thousand dollars ($150,000) and who, without application of the aggregation rules of subsections (b), (c) and (m) of Section 414(b) of the Code, owned (or was considered as owning within the meaning of Section 318 of the Code) more than one percent (1%) of the outstanding stock (or in the case of an unincorporated business, of the capital or profits interest) of the Company or Affiliated Company or stock possessing more than one percent (1%) of the total combined voting power of all of the stock of the Company or Affiliated Company.

For Plan Years commencing on or after January 1, 2002, “Key Employee” shall mean any Employee or former Employee of the Company or of any Affiliated Company (and any Beneficiary of such an Employee) who at any time during the Plan Year that includes the determination date (as defined under “Top-Heavy” in this Glossary) was an officer of the Company or any Affiliated Company having Annual Compensation greater than $13 0,000 (as adjusted under section 416(i)(1) of the Code), a 5-percent owner of the Company, or a 1-percent owner of the Company having annual compensation of more than $150,000. For this purpose, annual compensation means compensation within the meaning of Section 415(c)(3) of the Code. The determination of who is a Key Employee shall be made in accordance with section 416(i)(1) of the Code and the applicable regulations and other guidance of general applicability issued thereunder.

Top Heavy Plan: The Plan, if it is included in the Aggregation Group, and as of the Determination Date for such Plan Year, the sum of:

(a) the aggregate values of the Accounts for all Key Employees under the Plan; and

(b) the aggregate account values and the aggregate present values of accrued benefits (excluding amounts attributable to unrelated rollover contributions) for all Key Employees under all other plans in the Aggregation Group, exceeds 60 percent of all such aggregate values for all individuals under all plans in the Aggregation Group. In determining the value of any individual’s account or the present value of his accrued benefits:

(i) Generally, any accrued benefit transferred or distributed in the five (5) year period ending on a plan’s determination date: (except any such accrued benefit otherwise included in the present value of accrued benefits on the determination date) shall be added back and included in the plan’s present value of accrued benefits as of the determination date; provided, however, that for Plan Years commencing on or after January 1,2002, in the case of a distribution made due to separation from service, death or disability only, this provision shall apply by substituting “one (1) year period” for “five (5) year period:”;

(ii) the present value of his accrued benefit under a defined benefit plan shall be determined by using a five percent interest rate assumption and the mortality table used to determine a benefit that is the actuarial equivalent of another benefit under such plan; and

(iii) the accrued benefit of a non key employee under a defined benefit plan shall be (A) determined under the method, if any, that uniformly applies for accrual purposes under all plans maintained by any Affiliated Company, or (B) if there is no such method, as if such benefit accrued not more rapidly than the slowest accrual rate permitted under the fractional accrual rate of Section 411(b)(1)(C) of the Code. The value of the account balances or accrued benefit of Participants who have not performed or received credit for any services for any employer maintaining the plan (other than benefits under the plan) at any time during the five (5) year period ending on the plan’s determination date shall be disregarded. For Plan Years beginning on or after January 1, 2002, the value of the account balances or accrued benefit of all Participants in a plan who have not performed or received credit for any services for any employer maintaining the plan (other than benefits under the Plan) at any time during the one (1) year period ending on the plan's determination date shall be disregarded.

Top Heavy Plan Year:	A Plan Year in which the Plan is a Top Heavy Plan.

ARTICLE II

Vesting Requirements

In any Top Heavy Plan Year, the Account of each Participant shall be fully vested and nonforfeitable if he has credit for three Years of Service. In the event the Plan ceases to be a Top Heavy Plan for any Plan Year subsequent to a Top Heavy Plan Year, the Account of any individual that has become fully vested in accordance with the preceding sentence shall remain fully vested.

ARTICLE III

Minimum Allocation

Each Eligible Employee who on the last day of any Top Heavy Plan Year (a) is not a Key Employee and (b) does not participate in a defined benefit plan maintained by an Affiliated Company that provides that the minimum benefit requirements applicable to Top Heavy Plans will be satisfied in such other plan shall receive a minimum allocation of employer contributions pursuant to Sections 5.03 and 5.04 for such Plan Year equal to a percentage of his total pay as defined in Code Section 415(c)(3) (up to the maximum amount that may be taken into account, as adjusted from time to time by the Secretary of the Treasury) received in such Plan Year. Such percentage shall be equal to the lesser of three percent or the highest percentage at which employer contributions are allocated to the Account of any Key Employee for such Plan Year (when expressed as a percentage of such Key Employee's total pay, up to the maximum amount that may be taken into account, as adjusted).

Tax Deterred Contributions made on behalf of Non-Key Employees may not be taken into account in satisfying the top-heavy minimum contribution requirements. Prior to Plan Years commencing on and after January 1, 2002, if Matching Contributions are taken into account for such Employees for the purposes of satisfying the minimum top-heavy contribution requirement of this Section, they may not be taken into account for purposes of the average contribution percentage tests of Section 401(m), but instead must meet the nondiscrimination tests of Code Section 401(a)(4) without regard to Code Section 401(m). Effective for Plan Years commencing on or after January 1, 2002, Matching Contributions shall be taken into account for purposes of satisfying the minimum top-heavy contribution requirements of section 416(c)(2) of the Code and the Plan. Matching Contributions that are used to satisfy the minimum top-heavy contribution requirements shall be treated as Matching Contributions for the purposes of the actual contribution percentage test and other requirements of Section 401(m) of the Code.

ARTICLE IV

Dual Plan Limit

For any Top Heavy Plan Year, the denominator of the defined contribution and defined benefit plan fractions described in Code Sections 415(e)(2)(B) and 3(B) shall be calculated by using a factor of 1.0 rather than 1.25.

APPENDIX A-2

INTERNAL REVENUE CODE REQUIREMENTS

FOR CALCULATION AND PAYMENT OF BENEFITS

Section 1. General Rules

1.1. Effective Date. The provisions of this Exhibit will apply for purposes of determining required minimum distributions for calendar years beginning with the 2003 calendar year, as well as to be required minimum distributions made after the adoption of this restated Plan.

1.2. Coordination with Minimum Distribution Requirements Previously in Effect. If the total amount of 2002 required minimum distributions under the Plan made to the distributee prior to the effective date of this Exhibit equals or exceeds the required minimum distributions determined under this Exhibit, then no additional distributions will be required to be made for 2002 on or after such date to the distributee. If the total amount of 2002 required minimum distributions under the Plan made to the distributee prior to the effective date of this Exhibit is less than the amount determined under this Exhibit, then required minimum distributions for 2002 on and after such date will be determined so that the total amount of required minimum distributions for 2002 made to the distributee will be the amount determined under this Exhibit.

1.3. Precedence. The requirements of this Exhibit will take precedence over any inconsistent provisions of the Plan.

1.4. Requirements of Treasury Regulations Incorporated. All distributions required under this Exhibit will be determined and made in accordance with the Treasury regulations under section 401 (a)(9) of the Code. With respect to distributions made for calendar years on or after January 1, 2003, distributions will be determined in accordance with the final and temporary regulations issued under Code Section 401(a)(9) on April 17, 2002, notwithstanding any provision of the Plan to the contrary.

1.5. TEFRA Section 242(b)(2) Elections. Notwithstanding the other provisions of this Exhibit, distributions may be made under a designation made before January 1, 1984, in accordance with section 242(b)(2) of the Tax Equity and Fiscal Responsibility Act (TEFRA) and the provisions of the plan that relate to no later than the section 242(b)(2) of TEFRA.

Section 2. Time and Manner of Distribution.

2.1. Required Beginning Date. The Participant's entire interest will be distributed, or begin to be distributed, at the Participant's Required Beginning Date.

2.2. Death of Participant Before Distributions Begin. If the Participant dies before distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

(a) If the Participant's surviving spouse is the Participant's sole Designated Beneficiary, then, except as provided in Section 2.2(e) of this Exhibit, distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 70 1/2, if later.

(b) If the Participant's surviving spouse is not the Participant's sole Designated Beneficiary, then, except as provided in Section 2.2(e) of this Exhibit, distributions to the Designated Beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.

(c) If there is no Designated Beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(d) If the Participant's surviving spouse is the Participant's sole Designated Beneficiary and the surviving spouse dies after the Participant but before distributions to the surviving spouse begin, this Section 2.2 will apply as if the surviving spouse were the Participant, but the time by which distributions must begin will be determined without regard to Section 2.2(a).

(e) Election to Apply 5-Year Rule to Distributions to Designated Beneficiaries. Notwithstanding 2.2(a) and (b) above, the Company elects to adopt the following optional provisions.

(1) distributions begin and there is a Designated Beneficiary, distribution to the Designated Beneficiary is not required to begin by the date specified in Subsection 2.2(a) or (b) above and Section 5.02B below, but, if such distribution does not begin by the date specified, the Participant's entire interest will be distributed to the Designated Beneficiary by December 31 of the calendar year containing the fifth anniversary of the Participant's death. If the Participant's surviving spouse is the Participant's sole Designated Beneficiary and the surviving spouse dies after the Participant but before distributions to either the Participant or the surviving spouse begin, this rule will apply as if the surviving spouse were the Participant.

(2) Election to Allow Participants or Beneficiaries to Elect 5-Year Rule. Participants or Beneficiaries may elect on an individual basis whether the 5-year rule or the Life Expectancy rule in Sections 2.2 and 4.2 of this Exhibit applies to distributions after the death of a Participant who has a Designated Beneficiary. The: election must be made no later than the earlier of September 30 of the calendar year in which distribution would be required to begin under Section 2.2, or by September 30 of the calendar year which contains the fifth anniversary of the Participant's (or, if applicable, surviving spouse's) death. If neither the Participant nor Beneficiary makes an election under this paragraph, distributions will be made in accordance with Subsection 2.2(e)(1).

For purposes of this Section 2.2 and Section 4, unless Section 2.2(d) applies, distributions are considered to begin on the Participant's Required Beginning Date. If Section 2.2(d) applies, distributions are considered to begin on the date distributions are required to be given to the surviving spouse under section 2.2(a). If distributions under an annuity purchased from an insurance company irrevocably commence to the Participant before the Participant's Required Beginning Date (or to the Participant's surviving spouse before the date distributions are required to begin to the surviving spouse under section 2.2(a)), the date distributions are considered to begin is the date distributions actually commence.

2.3. Forms of Distribution. Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the Required Beginning Date, as of the first Distribution Calendar Year distributions will be made in accordance with sections 3 and 4 of this Exhibit. If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of section 401(a)(9) of the Code and the Treasury regulations.

Section 3. Required Minimum Distributions During Participant's Lifetime

3.1. Amount of Required Minimum Distribution For Each Distribution Calendar Year. During the Participant's lifetime, the minimum amount that will be distributed for each distribution calendar year is the lesser of:

(a) the quotient obtained by dividing the Participant's Account Balance by the distribution period in the Uniform Lifetime Table set forth in section 1.401(a)(9)-9 of the Treasury regulations, using the Participant's age as of the Participant's birthday in the Distribution Calendar Year; or

(b) if the Participant's sole Designated Beneficiary for the Distribution Calendar Year is the Participant's spouse, the quotient obtained by dividing the Participant's Account Balance by the number in the Joint and Last Survivor Table set forth in section 1.401(a)(9)-9 of the Treasury regulations, using the Participant's and spouse's attained ages as of the Participant's and spouse's birthdays in the Distribution Calendar Year.

3.2. Lifetime Required Minimum Distributions Continue Through Year of Participant's Death. Required minimum distributions will be determined under this Section 3 beginning with the first Distribution Calendar Year and up to and including the Distribution Calendar Year that includes the Participant's date of death.

Section 4. Required Minimum Distributions After Participant's Death

4.1. Death On or After Date Distributions Begin.

(a) Participant Survived by Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is a Designated Beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the longer of the remaining life expectancy of the Participant or the remaining life expectancy of the Participant's Designated Beneficiary, determined as follows:

(1) The Participant's remaining life expectancy is calculated using the age of the Participant in the year of death. reduced by one for each subsequent year.

(2) If the Participant's surviving spouse is the Participant's sole Designated Beneficiary, the remaining life expectancy of the surviving spouse is calculated for each distribution calendar year after the year of the Participant's death using the surviving spouse's age as of the spouse's birthday in that year. For distribution calendar years after the year of the surviving spouse's death, the remaining life expectancy of the surviving spouse is calculated using the age of the surviving spouse as of the spouse's birthday in the calendar year of the spouse's death, reduced by one for each subsequent calendar year.

(3) If the Participant's surviving spouse is not the Participant's sole Designated Beneficiary, the Designated Beneficiary's remaining life expectancy is calculated using the age of the beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.

(b) No Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is no Designated Beneficiary as of September 30 of the year after the year of the Participant's death, the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the Participant's remaining life expectancy calculated using the age of the Participant in the year of death,. reduced by one for each subsequent year.

4.2. Death Before Date Distributions Begin.

(c) Participant Survived by Designated Beneficiary. If the Participant dies before the date distributions begin and there is a Designated Beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the remaining life expectancy of the Participant's Designated Beneficiary, determined as provided in section 4.1.

(d) No Designated Beneficiary. If the Participant dies before the date distributions begin and there is no Designated Beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(e) Death of Surviving Spouse Before Distributions to Surviving Spouse Are Required to Begin. If the Participant dies before the date distributions begin, the Participant's surviving spouse is the Participant's sole Designated Beneficiary, and the surviving spouse dies before distributions are required to begin to the surviving spouse under section 2.2(a), this section 4.2 will apply as if the surviving spouse were the Participant.

Section 5. Definitions The following definitions shall supersede any conflicting definitions in the Glossary of the Plan.

5.1. Designated Beneficiary. The individual who is designated as the Beneficiary under Section 6.04 of the Plan and is the Designated Beneficiary under Section 401(a)(9) of the Code and Section 1.401 (a)(9)-1, Q&A-4, of the Treasury regulations.

5.2. Distribution Calendar Year. A calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the Participant's Required Beginning Date. For distributions beginning after the Participant's death, the first Distribution Calendar Year is the calendar year in which distributions are required to begin under section 2.2. The required minimum distribution for the Participant's first Distribution Calendar Year will be made on or before the Participant's Required Beginning Date. The required minimum distribution for other Distribution Calendar Years, including the required minimum distribution for the Distribution Calendar Year in which the Participant's Required Beginning Date occurs, will be made on or before December 31 of that distribution calendar year.

5.3. Life expectancy. Life expectancy as computed by use of the Single Life Table in section 1.401(a)(9)-9 of the Treasury regulations.

5.4. Participant's Account Balance. The account balance as of the last valuation date in the calendar year immediately preceding the distribution calendar year (valuation calendar year) increased by the amount of any contributions made and allocated or forfeitures allocated to the account balance as of dates in the valuation calendar year after the valuation date and decreased by distributions made in the valuation calendar year after the valuation date. The account balance for the valuation calendar year includes any amounts rolled over or transferred to the plan either in the valuation calendar year or in the distribution calendar year if distributed or transferred in the valuation calendar year.

5.5. Required Beginning Date. The date specified in the definition of Required Beginning Date in the Glossary of the Plan.

Benefit Plan Review Committee

Amendments to the Olin Employee Pension Plan ("Pension Plan"), GOCO Pension Plan, and Contributing Employee Ownership Plan ("CEOP")

The undersigned, being all the members of the Benefit Plan Review Committee, hereby consent to the adoption of the following amendments:

1. Appendix J-8 of the Pension Plan: Cuba

Section (c) of Appendix J-8 of the Pension Plan: Cuba is hereby amended by changing the last line of the table in that section to read "Retirements Effective on or after January 1, 2004 but before January 1, 2005". Such section is further amended by adding the following to the table:

Retirements Effective Date	Group 1	Group 2
On or after 1/1/2005	$258	$294

2. The Pension Plan and the GOCO Pension Plan are hereby amended by adding a new Section, 4.6 at the end Article IV, that reads as follows:

" 4.6 No Retroactive Annuity Starting Dates. Notwithstanding any other provision of the Plan, retroactive annuity starting dates, as described in Treasury Regulation Section 1.417(e)-1(b)(3) are not permitted under the Plan. The Committee, in its sole discretion and in a uniform and nondiscriminatory manner, shall cause appropriate actuarial adjustments to be made to a Participant's Retirement Allowance to reflect any delay in the commencement of the payment of a Participant's Retirement Allowance."

3. Section 7.02 of the CEOP is amended by adding a new subsection, (f), reading as follows:

"(f) The Company Contribution Account of each Participant who immediately prior to the effective date of the sale of Olin Aegis to HCC Industries ("HCC") was an employee of the Company and whose employment is either transferred directly to HCC or terminated in connection with the sale of Aegis, shall be fully vested and non-forfeitable as of the effective date of sale of Aegis.

4. Section 9.06 of the CEOP is hereby amended by the addition of a new sentence at the end thereof, effective as of the closing date of the sale of the assets of Aegis, to read as follows:

"Notwithstanding any provision of the Plan to the contrary, an Eligible Borrower who (a) terminated employment with the Company or an Affiliated Company and became employed by HCC Industries Inc. ("HCC") in connection with the Company's sale of the assets of Olin Aegis, Inc. (b) has an outstanding loan from the Plan as of the date of his or her termination of employment with the Company or an Affiliated Company, and (c) does not withdraw any portion of his or her vested Account, shall be permitted to continue repayment of such Plan loan during his or her period of continuous service with HCC through automatic payroll deduction taken by HCC and remitted to the Company or an Affiliated Company in accordance with such procedures as may be established by the Company and HCC from time to time."

Date: June 30, 2004

/s/ S. E. Doughty
S. E. Doughty

/s/ P. C. Kosche
P. C. Kosche

/s/ G. H. Pain
G. H. Pain

/s/ J. M. Pierpont
J. M. Pierpont

BENEFIT PLAN REVIEW COMMITTEE OF OLIN CORPORATION

AMENDMENT TO THE
OLIN CORPORATION CONTRIBUTING EMPLOYEE OWNERSHIP PLAN
(As amended and restated effective December 1, 2003)

Olin Corporation (the "Company") currently maintains the Olin Corporation Contributing Employee Ownership Plan (the "Plan"). The Company desires to amend the Plan to provide employer contributions for certain employee populations that were hired on or after January 1, 2005. Additionally, for salaried employees (and for certain hourly non-collectively bargained employees starting in 2006), the Company desires to amend the Plan to provide a performance matching contribution based on the Company's reported annual earnings per share. Finally, the Company desires to amend the Plan to reduce the involuntary small amount lump sum threshold to $1,000. This amendment shall supersede the provisions of the Plan to the extent that those provisions are inconsistent with the provisions of this amendment.

In Section 14.01 of the Plan, the Company reserved the right to amend the Plan. Pursuant to the authority of the Benefit Plan Review Committee of Olin Corporation ("the Committee"), effective as of January 1, 2005 (or such other date as otherwise provided herein), the Committee consents to the amendment of the Plan in the following manner:

1. Article I is amended by adding the following definitions:

   "Retirement Contributions" shall mean those contributions made by the applicable Participating Employer on behalf of certain eligible Employees under Section 3.04(e) of the Plan, which are allocated to the Retirement Contribution Accounts of such eligible Employees in accordance with the formula contained in Section 5.07 of the Plan.

   "Retirement Contribution Account" shall mean with respect to an eligible Participant described in Section 5.07, that portion of his Account attributable to Retirement Contributions.

2. The "Company Contributions" definition of Article I is amended by adding "Retirement Contributions," after "Performance Matching Contributions,".

3. Section 3.04 is amended by deleting the first sentence thereof.

4. Section 3.04(a)(ii) is amended by replacing (i) "and 5.04(a)" with ", 5.04(a) and 5.04(b)" and (ii) "its Active Participants" with "its eligible Active Participants".

5. Section 3.04 is amended by adding the following paragraph (e):

   "(e) Retirement Contributions. Each Participating Employer shall contribute an amount sufficient to provide the allocations described in Section 5.07 with respect to its eligible Participants. These Retirement Contributions shall be allocated to such eligible Participants in accordance with the formula set forth in Section 5.07, regardless of whether they contribute Tax Deferred Contributions or Taxed Contributions under the Plan. Such contributions shall be made in cash, provided, however, that the Company may still make such contribution in Company Stock for those Participants who elect to invest in the Olin Common Stock Fund."

6. Section 5.03(a)(1) is amended by replacing the last sentence of the second paragraph with the following:

"Notwithstanding anything in the Plan to the contrary, no Matching Contributions shall be provided with respect to (i) salaried Employees on and after January 1,2003, and (ii) hourly non-collectively bargained Employees in the Chlor Alkali division on or after January 1, 2006."

7. Section 5.04 is amended to read as follows:

"5.04 Performance Matching Contributions .

(a) *EVA Based Performance Matching Contributions* .

Following the end of each Plan Year, each Participating Employer shall allocate to eligible Active Participants of that Participating Employer from contributions sufficient to provide each Participant who is employed by a Participating Employer or Affiliated Company on the last day of the preceding Plan Year with a Performance Matching Contribution equal to an additional 5% of such Participant's matched Tax Deferred Contributions and matched Taxed Contributions for the preceding Plan Year, other than those contributions that are already matched at a 100% rate, for each ten million dollar increment of EVA for such year or period, up to a maximum EVA amount of $200 million, as shown in the schedule below.

***EVA DOLLARS**	**PERFORMANCE MATCH % OF* PARTIC. CONTRIB.**	***EVA DOLLARS**	**PERFORMANCE MATCH % OF PARTIC. CONTRIB.**
$0	0%	$100,000,001-$110,000,000	55%
At least $ 1-$10,000,000	5%	$110,000,001-$120,000,000	60%
$10,000,001-$20,000,000	10%	$120,000,001-$130,000,000	65%
20,000,001-$30,000,000	15%	$130,000,001-$140,000,000	70%
$30,000,001-$40,000,000	20%	140,000,001-$150,000,000	75%
$40,000,001-$50,000,000	25%	$150,000,001-$160,000,000	80%
$50,000,001-$60,000,000	30%	$160,000,001-$170,000,000	85%
$60,000,001-$70,000,000	35%	$170,000,001-$180,000,000	90%
$70,000,001-$80,000,000	40%	$180,000,001-$190,000,000	95%
$80,000,00l-$90,000,000	45%	$190,000,001-$200,000,000	100%
$90,000,001-$100,000,000	50%		

No Performance Match Contributions will be made under this Section 5.04(a) if the EVA dollar amount is less than $1. For purposes of this Section 5.04(a), the applicable dollar amount of EVA shall be determined by the Company in its sole discretion from time to time. The Company may elect to provide a different rate of Performance Matching Contribution or no Performance Matching Contribution or to provide a Performance Matching Contribution based on a standard other than the Company's EVA for all or any group of Active Participants.

Notwithstanding anything in the Plan to the contrary, the Performance Matching Contributions described in this Section 5.04(a) shall not be provided with respect to:

(1) collectively bargained Employees of Monarch and its affiliates from and after the date of the acquisition of Monarch and its affiliates by the Company;

(2) salaried Employees on and after January 1,2003; or

(3) hourly non-collectively bargained Employees in the Chlor Alkali division on or after January 1, 2006.

(b) *EPS Based Performance Matching Contributions* .

The Performance Matching Contributions described in this Section 5.04(b) shall be provided only with respect to (i) salaried Employees on and after January 1,2005 and (ii) hourly non-collectively bargained Employees in the Chlor Alkali division on or after January 1, 2006.

Following the end of each Plan Year, each Participating Employer shall allocate to eligible Active Participants of that Participating Employer from contributions sufficient to provide each Participant who is employed by a Participating Employer or Affiliated Company during the preceding Plan Year with a Performance Matching Contribution equal to a certain percentage of such Participant's Tax Deferred Contributions and Taxed Contributions for the preceding Plan Year; provided, however, that the total amount of such contributions used to determine the amount of such Performance Matching Contribution may not exceed 6% of the Participant's Compensation for such Plan Year. The Performance Matching Contribution percentage shall be determined based on the Company's reported annual earnings per share on Company Stock for such Plan Year, as shown in the schedule below:

Reported Earnings Per Share	Performance Match on First 6% of Compensation
Less than $.00	0%
$.00 - $.49	25%
$.50 - $.99	50%
$1.00 or more	75%

For purposes of this Section 5.04(b), the applicable reported annual earnings per share shall be determined by the Company in its sole discretion. Such earnings per share determination may take into account any reduction for a potential contribution under this Section 5.04. The Company may elect to provide a different rate of Performance Matching Contribution or no Performance Matching Contribution or to provide a Performance Matching Contribution based on a standard other than the Company's reported annual earnings per share on Company Stock for all or any group of Active Participants.

(c) *Miscellaneous* .

In the event that a Participant's matched Tax Deferred Contributions or Taxed Contributions are distributed or returned to the Participant pursuant to Sections 3.01, 3.02, 3.05 or 3.07, an amount equal to the Current Market Value of the related Performance Matching Contribution (and earnings thereon) shall be forfeited by such Participant.

The Performance Matching Contribution shall be invested in the same manner as directed by the Participant with respect to his Tax Deferred Contribution Account, or in the same manner as directed by the Participant with respect to his Taxed Contribution Account, in the event he is not making contributions to a Tax Deferred Contribution Account.

In no event will any Tax Deferred Contributions or Taxed Contributions be matched at greater than a 100% rate. Participants shall not be permitted to receive a Performance Match Contribution under both paragraphs (a) and (b) for any Plan Year."

8. Article V is amended by adding the following Section 5.07:

"5.07 Retirement Contributions.

The Retirement Contributions described in this Section 5.07 shall be provided only with respect to (i) salaried Employees hired on and after January 1,2005, (ii) hourly non-collectively bargained Employees in the Chlor Alkali division hired on or after January 1, 2005, and (iii) hourly non-collectively bargained Employees at the Oxford, Mississippi location of the Winchester division hired on or after January 1, 2005.

The Retirement Contributions made under this Section 5.07 shall be allocated to the Retirement Contribution Accounts of eligible Active Participants following the end of each Plan Year with respect to which a contribution is made, in an amount equal to: (i) 5% of their Compensation with respect to eligible salaried Employees or eligible hourly non-collectively bargained Employees in the Chlor Alkali division, and (ii) 3% of their Compensation with respect to eligible hourly non-collectively bargained Employees at the Oxford, Mississippi location of the Winchester division.

The amounts allocated to eligible Active Participants' Retirement Contribution Accounts pursuant to this Section shall be invested in the same manner and percentages as the Participant's other Participant-Directed Investments or, if the Participant has no other Participant Directed Investments, then in accordance with the Participant's investment election with respect to his Retirement Contribution Account balance. Participants' Retirement Contribution Account balances may only be distributed upon a termination of service, death, disability or retirement and are not available for withdrawal or in-service distribution."

9. Section 6.03(b) is amended by replacing "Section 3.05" with "Section 3.04".

10. Section 8.01(e) is amended by replacing "or Monarch Retirement Contribution Account" with ", Monarch Retirement Contribution Account, or Retirement Contribution Account".

11. Effective as of March 28, 2005, Section 10.01(a) is amended by replacing "$5,000 (or such other amount as provided under Code Section 411(a)(11)) ($3,500 for Plan Years commencing prior to August 5, 1997)" with "$1,000".

12. Section 10.01(a) is amended by deleting the last sentence thereof.

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IN WITNESS WHEREOF, the undersigned have executed this amendment on behalf of Olin Corporation effective as of January 1, 2005.

Benefit Plan Review Committee:

/s/ Stephen C. Curley
Stephen C. Curley

/s/ Sharon E. Doughty
Sharon E. Doughty

/s/ Dennis R. McGough
Dennis R. McGough

/s/ George H. Pain
George H. Pain

BENEFIT PLAN REVIEW COMMITTEE OF OLIN CORPORATION

AMENDMENT TO THE
OLIN CORPORATION CONTRIBUTING EMPLOYEE OWNERSHIP PLAN
(As amended and restated effective December 1, 2003)

Olin Corporation (the "Company") currently maintains the Olin Corporation Contributing Employee Ownership Plan (the "Plan"). The Company desires to amend the Plan to reflect changes in employer matching and retirement contributions for certain employee populations. This amendment shall supersede the provisions of the Plan to the extent that those provisions are inconsistent with the provisions of this amendment.

In Section 14.01 of the Plan, the Company reserved the right to amend the Plan. Pursuant to the authority of the Benefit Plan Review Committee of Olin Corporation ("the Committee"), effective as of January 1, 2006 (or such date specified herein for a particular item), the Committee consents to the amendment of the Plan in the following manner:

1. Section 5.03(a)(1) is amended by adding the following to the end of the first paragraph:

> "Notwithstanding the foregoing, with respect to the collectively bargained Employees in the Chlor Alkali division for the 2005 Plan Year, eligible Active Participants at such division shall be provided a Matching Contribution equal to 75% of such Participant's Tax Deferred Contributions and Taxed Contributions for such Plan Year; provided, however, that the total amount of such contributions used to determine the amount of such Matching Contribution may not exceed 6% of the Participant's Compensation for such Plan Year. Notwithstanding the foregoing, with respect to the collectively bargained Employees at the East Alton, Illinois facility, effective as of January 1, 2006, eligible Active Participants at such facility shall be provided a Matching Contribution equal to (i) 100% of the amount contributed on behalf of or by the Participant as a Tax Deferred Contribution or Taxed Contribution for such contributions up to 3% of such Participant's Compensation, and (ii) 50% of the amount contributed on behalf of or by the Participant as a Tax Deferred Contribution or Taxed Contribution for such contributions in excess of 3%, and up to 6%, of such Participant's Compensation."

2. Section 5.03(a)(1) is amended by revising the last sentence of the second paragraph to read as follows:

> "Notwithstanding anything in the Plan to the contrary, no Matching Contributions shall be provided with respect to (i) salaried Employees on and after January 1,2003, (ii) hourly non-collectively bargained Employees in the Chlor Alkali division on or after January 1, 2006, and (iii) collectively bargained Employees in the Chlor Alkali division on or after February 1, 2006."

3. Section 5.04 is amended to read as follows:

“5.04 Performance Matching Contributions .

(a) *EVA Based Performance Matching Contributions* .

Following the end of each Plan Year, each Participating Employer shall allocate to eligible Active Participants of that Participating Employer from contributions sufficient to provide each Participant who is employed by a Participating Employer or Affiliated Company on the last day of the preceding Plan Year with a Performance Matching Contribution equal to an additional 5% of such Participant’s matched Tax Deferred Contributions and matched Taxed Contributions for the preceding Plan Year (or, if applicable, portion of the Plan Year in which a population was eligible to participate under this Section 5.04(a)), other than those contributions that are already matched at a 100% rate, for each ten million dollar increment of EVA for such year or period, up to a maximum EVA amount of $200 million, as shown in the schedule below.

*EVA DOLLARS	PERFORMANCE MATCH % OF* PARTIC. CONTRIB.	*EVA DOLLARS	PERFORMANCE MATCH % OF PARTIC. CONTRIB.
$0	0%	$100,000,001-$110,000,000	55%
At least $ 1-$10,000,000	5%	$110,000,001-$120,000,000	60%
$10,000,001-$20,000,000	10%	$120,000,001-$130,000,000	65%
20,000,001-$30,000,000	15%	$130,000,001-$140,000,000	70%
$30,000,001-$40,000,000	20%	140,000,001-$150,000,000	75%
$40,000,001-$50,000,000	25%	$150,000,001-$160,000,000	80%
$50,000,001-$60,000,000	30%	$160,000,001-$170,000,000	85%
$60,000,001-$70,000,000	35%	$170,000,001-$180,000,000	90%
$70,000,001-$80,000,000	40%	$180,000,001-$190,000,000	95%
$80,000,00l-$90,000,000	45%	$190,000,001-$200,000,000	100%
$90,000,001-$100,000,000	50%		

No Performance Match Contributions will be made under this Section 5.04(a) if the EVA dollar amount is less than $1. For purposes of this Section 5.04(a), the applicable dollar amount of EVA shall be determined by the Company in its sole discretion from time to time. The Company may elect to provide a different rate of Performance Matching Contribution or no Performance Matching Contribution or to provide a Performance Matching Contribution based on a standard other than the Company’s EVA for all or any group of Active Participants.

Notwithstanding anything in the Plan to the contrary, the Performance Matching Contributions described in this Section 5.04(a) shall not be provided with respect to:

(1) collectively bargained Employees of Monarch and its affiliates from and after the date of the acquisition of Monarch and its affiliates by the Company;

(2) salaried Employees on and after January 1, 2003;

(3) hourly non-collectively bargained Employees in the Chlor Alkali division on or after January 1, 2006; and

(4) collectively bargained Employees in the Chlor Alkali division on or after February 1, 2006.

(b) *EPS Based Performance Matching Contributions* .

The Performance Matching Contributions described in this Section 5.04(b) shall be provided only with respect to (i) salaried Employees on and after January 1,2005, (ii) hourly non-collectively bargained Employees in the Chlor Alkali division on or after January 1, 2006, and (iii) collectively bargained Employees in the Chlor Alkali division on or after February 1, 2006.

Following the end of each Plan Year, each Participating Employer shall allocate to eligible Active Participants of that Participating Employer from contributions sufficient to provide each Participant who is employed by a Participating Employer or Affiliated Company during the preceding Plan Year with a Performance Matching Contribution equal to a certain percentage of such Participant's Tax Deferred Contributions and Taxed Contributions for the preceding Plan Year (or, if applicable, portion of the Plan Year in which a population was eligible to participate under this Section 5.04(b)); provided, however, that the total amount of such contributions used to determine the amount of such Performance Matching Contribution may not exceed 6% of the Participant's Compensation for such Plan Year (or, if applicable, portion of the Plan Year in which a population was eligible to participate under this Section 5.04(b)). The Performance Matching Contribution percentage shall be determined based on the Company's reported annual earnings per share on Company Stock for such Plan Year, as shown in the schedule below:

Reported Earnings Per Share	Performance Match on First 6% of Compensation
Less than $.00	0%
$.00 - $.49	25%
$.50 - $.99	50%
$1.00 or more	75%

For purposes of this Section 5.04(b), the applicable reported annual earnings per share shall be determined by the Company in its sole discretion. Such earnings per share determination may take into account any reduction for a potential contribution under this Section 5.04. The Company may elect to provide a different rate of Performance Matching Contribution or no Performance Matching Contribution or to provide a Performance Matching Contribution based on a standard other than the Company's reported annual earnings per share on Company Stock for all or any group of Active Participants.

(c) *Miscellaneous* .

In the event that a Participant's matched Tax Deferred Contributions or Taxed Contributions are distributed or returned to the Participant pursuant to Sections 3.01, 3.02, 3.05 or 3.07, an amount equal to the Current Market Value of the related Performance Matching Contribution (and earnings thereon) shall be forfeited by such Participant.

The Performance Matching Contribution shall be invested in the same manner as directed by the Participant with respect to his Tax Deferred Contribution Account, or in the same manner as directed by the Participant with respect to his Taxed Contribution Account, in the event he is not making contributions to a Tax Deferred Contribution Account.

In no event will any Tax Deferred Contributions or Taxed Contributions be matched at greater than a 100% rate. Participants shall not be permitted to receive a Performance Match Contribution under both paragraphs (a) and (b) for any Plan Year."

4. Section 5.07 is amended to read as follows:

"5.07 Retirement Contributions .

(a) The Retirement Contributions described in this Section 5.07(a) shall be provided only with respect to:

(i) salaried Employees hired on and after January 1,2005;

(ii) hourly non-collectively bargained Employees in the Chlor Alkali division hired on or after January 1, 2005;

(iii) hourly non-collectively bargained Employees at the Oxford, Mississippi location of the Winchester division hired on or after January 1, 2005;

(iv) collectively bargained Employees at the East Alton, Illinois facility hired on or after January 1, 2006;

(v) hourly Employees at the Waterbury, Connecticut (Somers) facility hired on or after January 1, 2006; and

(vi) hourly Employees at the facility previously operated as a joint venture with E.I. du Pont de Nemours and Company at Niagara Falls, New York (referred to as the Niagara Falls/Niachlor facility) hired on or after March 15, 2006.

The Retirement Contributions made under this Section 5.07(a) shall be allocated to the Retirement Contribution Accounts of eligible Active Participants following the end of each Plan Year (or, at the Company's discretion, during such Plan Year at such time or times as the Company determines to be administratively feasible) with respect to which a contribution is made, in an amount equal to 5% of their Compensation, provided, however, that with respect to eligible hourly non-collectively bargained Employees at the Oxford, Mississippi location of the Winchester division, such percentage shall be 3%.

(b) Effective as of January 1, 2006, the Retirement Contributions described in this Section 5.07(b) shall be provided only with respect to hourly non-collectively bargained Employees working at one of the following facilities:

-Allentown, Pennsylvania (f/k/a A.J. Oster Co.);
-Warwick, Rhode Island (f/k/a A.J. Oster Co.);
-Yorba Linda, California (f/k/a A.J. Oster West);
-Carol Stream, Illinois (f/k/a A.J. Oster Co.);
-Watertown, Connecticut (f/k/a A.J. Oster Co.); and
-Alliance, Ohio (f/k/a A.J. Oster Foils).

The Retirement Contributions made under this Section 5.07(b) shall be allocated during such Plan Year in quarterly installments (or at such other time or times as the Company determines to be administratively feasible) to the Retirement Contribution Accounts of eligible Active Participants for each Plan Year with respect to which a contribution is made, in an annual amount equal to (x) the Age Contribution plus the Service Contribution, times (y) the Age Points plus the Service Points. For these purposes, “Age Contribution”, “Service Contribution”, “Age Points” and “Service Points” shall be determined for each eligible Active Participant based on the following tables:

Age	**Age Contribution**	**Age Points**
Under 31	25	1
31-40	50	2
41-50	75	3
51-55	100	4
56-60	125	6
Over 60	150	8

Service	**Service Contribution**	**Service Points**
Under 6	25	1
6-10	50	3
11-15	75	5
16-20	100	6
21-25	125	7
Over 25	150	8

The determination of age and service for the above tables shall be subject to the following:

(i) age and service shall be determined as of the last day of the prior Plan Year;

(ii) service shall refer to Years of Service; and

(iii) age and service shall be rounded down to the nearest whole number.

(c) Collectively bargained Employees at the East Alton, Illinois facility hired before January 1, 2006 who are active participants in the Olin Corporation Employees Pension Plan under such plan's Appendix J-9 shall have the opportunity during 2006 (in the form and manner determined by the Administrative Committee or its designee) to elect, effective as of December 31, 2006 to (i) continue accruing benefits under the Olin Corporation Employees Pension Plan in accordance with the terms of such plan's Appendix J-9 (as amended from time to time), or (ii) cease accruing benefits under the Olin Corporation Employees Pension Plan and instead be eligible to receive a certain retirement contribution under the Plan in accordance with the terms (as amended from time to time) hereunder. Such collectively bargained Employees electing option (ii) of the preceding sentence shall be known herein as "Electing CEOP Participants".

Effective as of January 1, 2007, the Retirement Contributions described in this Section 5.07(c) shall be provided only with respect to Electing CEOP Participants. The Retirement Contributions made under this Section 5.07(c) shall be allocated during a Plan Year (beginning with the 2007 Plan Year) on a pay period basis (or at such other time or times as the Company determines to be administratively feasible) to the Retirement Contribution Accounts of eligible Active Participants with respect to which a contribution is made, in an annual amount equal to a certain percentage of the Participant's Compensation. Such percentage shall equal the sum of (i) 5%, (ii) the "service based percentage" as determined in accordance with the table below, and (iii) 2% if such Participant was at least age 50 as of January 1, 2007.

Service	**Service Based Percentage**
Under 15	0%
15-19	1%
20-24	3%
25 or more	5%

The determination of service for the above tables shall be subject to the following:

(i) service shall be determined as of the last day of the prior Plan Year;

(ii) service shall refer to Years of Service; and

(iii) service shall be rounded down to the nearest whole number.

(d) The amounts allocated to eligible Active Participants' Retirement Contribution Accounts pursuant to this Section 5.07 shall be invested in the same manner and percentages as the Participant's other Participant-Directed Investments. Participants' Retirement Contribution Account balances may only be distributed upon a termination of service, death, disability or retirement and are not available for loans or in-service distributions."

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IN WITNESS WHEREOF, the undersigned have executed this amendment on behalf of Olin Corporation effective as of the date therein.

Benefit Plan Review Committee:

/s/ Stephen C. Curley
Stephen C. Curley

/s/ Sharon E. Doughty
Sharon E. Doughty

/s/ Dennis R. McGough
Dennis R. McGough

/s/ George H. Pain
George H. Pain

BENEFIT PLAN REVIEW COMMITTEE OF OLIN CORPORATION

AMENDMENT TO THE
OLIN CORPORATION CONTRIBUTING EMPLOYEE OWNERSHIP PLAN
(As amended and restated effective December 1, 2003)

Olin Corporation (the "Company") currently maintains the Olin Corporation Contributing Employee Ownership Plan (the "Plan"). The Company desires to amend the Plan to (i) permit distributions upon "severance from employment" instead of "separation from service", and (ii) limit, for participants who are non-highly compensated employees, the amount of compensation that may be taken into consideration for purposes of making tax deferred contributions and taxed contributions. This amendment shall supersede the provisions of the Plan to the extent that those provisions are inconsistent with the provisions of this amendment.

In Section 14.01 of the Plan, the Company reserved the right to amend the Plan. Pursuant to the authority of the Benefit Plan Review Committee of Olin Corporation ("the Committee"), effective as of the dates provided below, the Committee consents to the amendment of the Plan in the following manner:

1. Effective as of July 1, 2006, Section 10.01 is amended by replacing "separates from service (within the meaning of Code Sections 401(k) and 409(o))" with "has a severance from employment (as such term is defined under Code Section 401(k)), regardless of whether such severance from employment occurs before, on or after July 1, 2006".

2. Effective as of July 1, 2006, Section 3.01(a) is amended by replacing the second sentence thereof with the following:

   "Effective with respect to deferrals made on or after January 1, 2002 and before July 1, 2006, the 15% limit shall not apply to Active Participants who are Non-Highly Compensated Employees. Effective with respect to deferrals made on or after July 1, 2006, the applicable percentage limit for Active Participants who are Non-Highly Compensated Employees shall be 80%."

3. Effective as of July 1,2006, Section 3.03(a) is amended by replacing the second sentence thereof with the following:

   "An Active Participant's Taxed Contributions may not exceed the difference between (i) 18% of his Compensation and (ii) the percentage of his Compensation contributed as a Tax Deferred Contribution. Notwithstanding the foregoing, (i) with respect to Taxed Contributions made on and after January 1, 2002 and before July 1, 2006 the 18% limit shall not apply to Active Participants who are Non-Highly Compensated Employees, and (ii) with respect to Taxed Contributions made on and after July 1, 2006 **,** the applicable percentage limit for Active Participants who are Non-Highly Compensated Employees shall be 80%.

IN WITNESS WHEREOF, the undersigned have executed this amendment on behalf of Olin Corporation effective as of July 1, 2006 **.**

Benefit Plan Review Committee:

/s/ Stephen C. Curley
Stephen C. Curley

/s/ Sharon E. Doughty
Sharon E. Doughty

/s/ Dennis R. McGough
Dennis R. McGough

/s/ George H. Pain
George H. Pain

BENEFIT PLAN REVIEW COMMITTEE OF OLIN CORPORATION

AMENDMENT TO THE
OLIN CORPORATION CONTRIBUTING EMPLOYEE OWNERSHIP PLAN
(As amended and restated effective December 1, 2003)

Olin Corporation (the "Company") currently maintains the Olin Corporation Contributing Employee Ownership Plan (the "Plan"). The Company desires to amend the Plan to reflect changes in retirement contributions for the collectively bargained employees working at the Chase Brass and Copper Company, in the Montpelier, OH location. This amendment shall supersede the provisions of the Plan to the extent that those provisions are inconsistent with the provisions of this amendment.

In Section 14.01 of the Plan, the Company reserved the right to amend the Plan. Pursuant to the authority of the Benefit Plan Review Committee of Olin Corporation ("the Committee"), effective as of September 1, 2007, the Committee consents to the amendment of the Plan in the following manner:

1. Section 5.07 (a) is amended to read as follows:
"5.07 (a) Retirement Contributions .

(a) The Retirement Contributions described in this Section 5.07(a) shall be provided only with respect to:

(i) salaried Employees hired on and after January 1,2005;

(ii) hourly non-collectively bargained Employees in the Chlor Alkali division hired on or after January 1, 2005;

(iii) hourly non-collectively bargained Employees at the Oxford, Mississippi location of the Winchester division hired on or after January 1, 2005;

(iv) collectively bargained Employees at the East Alton, Illinois facility hired on or after January 1, 2006;

(v) hourly Employees at the Waterbury, Connecticut (Somers) facility hired on or after January 1, 2006; and

(vi) hourly Employees at the facility previously operated as a joint venture with E.I. du Pont de Nemours and Company at Niagara Falls, New York (referred to as the Niagara Falls/Niachlor facility) hired on or after March 15, 2006

(vii) collectively bargained Employees at the Bryan, OH facility, effective January 1, 2007

(viii) collectively bargained Employees working at Chase Brass and Copper Company in Montpelier, OH facility, effective September 1, 2007.

The Retirement Contributions made under this Section 5.07(a) shall be allocated to the Retirement Contribution Accounts of eligible Active Participants following the end of each Plan Year (or, at the Company's discretion, during such Plan Year at such time or times as the Company determines to be administratively feasible) with respect to which a contribution is made, in an amount equal to 5% of their Compensation, provided, however, that with respect to eligible hourly non-collectively bargained Employees at the Oxford, Mississippi location of the Winchester division, such percentage shall be 3%.

[Remainder of Page Left Blank Intentionally]

IN WITNESS WHEREOF, the undersigned have executed this amendment on behalf of Olin Corporation effective as of the date therein.

Benefit Plan Review Committee:

/s/ Stephen C. Curley
Stephen C. Curley

/s/ Sharon E. Doughty
Sharon E. Doughty

/s/ Dennis R. McGough
Dennis R. McGough

/s/ George H. Pain
George H. Pain

BENEFIT PLAN REVIEW COMMITTEE OF OLIN CORPORATION

AMENDMENT TO THE
OLIN CORPORATION CONTRIBUTING EMPLOYEE OWNERSHIP PLAN
(As amended and restated effective December 1, 2003)

Olin Corporation (the “Company”) currently maintains the Olin Corporation Contributing Employee Ownership Plan (the “Plan”). In connection with the Company’s sale of the Olin Brass division and Chase Brass and Copper Company to Global Brass and Copper Acquisition Company ("Global"), the Company desires to amend the Plan (i) to reflect the vesting of Company contributions for all participants employed by the Company immediately before the transaction’s closing and who become employed by Global immediately after the closing, and (ii) to permit such participants to continue to make loan repayments on any existing loans under the Plan after the closing. This amendment shall supersede the provisions of the Plan to the extent that those provisions are inconsistent with the provisions of this amendment.

In Section 14.01 of the Plan, the Company reserved the right to amend the Plan. Pursuant to the authority of the Benefit Plan Review Committee of Olin Corporation (“the Committee”), the Committee consents to the amendment of the Plan in the following manner:

1. Section 7.02 is hereby amended by adding the following subparagraph (g):

   “(g) Notwithstanding the foregoing, the Company Contribution Account of each Participant who is defined as a Transferred Employee under Article V of the Purchase Agreement between Global Brass and Copper Acquisition Co. and Olin Corporation dated as of October 15, 2007 (the “Global Sale Agreement”), shall be fully vested and non-forfeitable as of the Closing Date specified in the Global Sale Agreement, as amended.”

2. Section 9.06 is hereby amended to read as follows:

   “9.06 Repayment. All loans shall provide for substantially level amortization over the term of the loan, with payments of principal and interest paid through automatic payroll deductions; provided, however, that the Eligible Borrower may prepay the loan in full at any time without penalty and the Eligible Borrower shall be required to make repayment in full upon the Eligible Borrower’s termination of employment. Notwithstanding the preceding, with regard to each Eligible Borrower who is defined as a Transferred Employee under Article V of the Global Sale Agreement, such Eligible Borrower shall be permitted to continue to make payments on an existing loan after the Closing Date specified in the Global Sale Agreement, as amended, in accordance with and subject to the rules set by the Administrative Committee.

To the extent permitted by law, repayments will be suspended during unpaid leaves of absence or layoffs of up to one year although interest will continue to accrue during these periods of suspension. Upon the Participant's return to employment, the accrued interest will be added to his outstanding loan balance and the individual's repayment schedule will be adjusted; provided, however, that the original term of the loan shall not be extended by virtue of such leave of absence. If a leave of absence or layoff exceeds one year, the outstanding loan balance will become immediately due and payable as of the end of the one year period. If an Eligible Borrower withdraws a portion or all of such individual's vested Account Balance or becomes entitled to payment of benefits under the Plan, such payments or withdrawals shall first be applied toward any outstanding loan balance (including accrued interest), with the excess, if any, paid directly to the individual."

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APPROVED:

/s/ S. C. Curley
S. C. Curley

/s/ S. E. Doughty
S. E. Doughty

/s/ D. R. McGough
D. R. McGough

/s/ G. H. Pain
G. H. Pain

OLIN CORPORATION
BENEFIT PLAN REVIEW COMMITTEE (“Committee”)

MEETING - DECEMBER 20, 2007

RESOLVED, that the Committee adopts the amendment to the Olin Corporation Employees Pension Plan attached hereto as Exhibit A.

RESOLVED, that the Committee adopts the amendment to the Olin Corporation Contributing Employee Ownership Plan attached hereto as Exhibit B.

RESOLVED, that effective as of January 1, 2008, Pioneer Companies Inc., a wholly owned subsidiary of Olin Corporation, and its affiliates, will become a Participating Employer in the Olin Corporation Contributing Employee Ownership Plan.

RESOLVED, that the Committee adopts the amendment to the Pioneer Americas LLC Savings Plan for Henderson Bargaining Unit Employees, Pioneer America’s LLC Savings Plan for Salaried Employees and Pioneer Americas LLC Savings Plan for Tacoma Bargaining Unit Employees attached hereto as Exhibit C.

RESOLVED, that the Committee adopts the clarification to the Olin Health Plan attached hereto as Exhibit D.

RESOLVED, that the Committee hereby confirms and approves the use of the following methodology in determining the per capita cost of the salaried and non-bargaining hourly Chlor Alkali retiree population under the Olin Health Plan:

> Determined solely with regard to the applicable covered retirees (with the cost of a retiree’s dependents attributable to such retiree), the per capita cost is (i) the expected cost of such retiree health care coverage under the Olin Health Plan for the applicable time period, which is based on the cost experience from a recent twelve month period (net of applicable premiums paid), trended up to and for applicable time period, plus the expected administrative cost for the applicable period, divided by (ii) the number of covered retirees.

RESOLVED further, that any Committee Member be, and each of them hereby is, authorized to execute and deliver, in the name and on behalf of the Committee, all such plan documentation (including plan amendments), contracts, agreements, certificates, documents, notices and other instruments, with such terms and conditions, and take such other action, as the person so acting deems necessary or appropriate to carry out the intent of the foregoing resolution.

[Signatures on Next Page]

APPROVED:

/s/ Stephen C. Curley
Stephen C. Curley

/s/ Sharon E. Doughty
Sharon E. Doughty

/s/ Dennis R. McGough
Dennis R. McGough

/s/ George H. Pain
George H. Pain

EXHIBIT B

BENEFIT PLAN REVIEW COMMITTEE OF OLIN CORPORATION

AMENDMENT TO THE
OLIN CORPORATION CONTRIBUTING EMPLOYEE OWNERSHIP PLAN
(As amended and restated effective December 1, 2003)

Olin Corporation (the "Company") currently maintains the Olin Corporation Contributing Employee Ownership Plan (the "Plan"). The Company desires to amend the Plan to reflect changes in employer matching and retirement contributions for certain employee populations, and changes relating to the merger of the Pioneer qualified defined contribution pensions plans into the Plan as of December 31, 2007. This amendment shall supersede the provisions of the Plan to the extent that those provisions are inconsistent with the provisions of this amendment.

In Section 14.01 of the Plan, the Company reserved the right to amend the Plan. Pursuant to the authority of the Benefit Plan Review Committee of Olin Corporation ("the Committee"), effective as of December 31, 2007 (or such date specified herein for a particular item), the Committee consents to the amendment of the Plan in the following manner:

1. Section 5.03(a)(1) is amended by adding the following to the end of the first paragraph:

> "Notwithstanding the foregoing, effective as of January 1, 2008, with respect to salaried Employees, hourly non-collectively bargained and collectively bargained Employees in the Chlor Alkali division, including employees of Pioneer, eligible Active Participants shall be provided a Matching Contribution equal to 50% of the amount contributed on behalf of or by the Participant as a Tax Deferred Contribution or Taxed Contribution for such contributions up to 6% of such Participant's Compensation."

2. Section 5.03(a)(1) is amended by revising the last sentence of the second paragraph to read as follows:

> "Notwithstanding anything in the Plan to the contrary, no Matching Contributions shall be provided with respect to (i) salaried Employees on and after January 1,2003, and before January 1, 2008 (ii) hourly non-collectively bargained Employees in the Chlor Alkali division on or after January 1, 2006, and before January 1, 2008, and (iii) collectively bargained Employees in the Chlor Alkali division on or after February 1, 2006 and before January 1, 2008."

3. Section 5.04(b) is amended by adding the following to the end of the first paragraph:

> "Notwithstanding the foregoing, effective for Plan Years beginning on or after January 1, 2008, Performance Matching Contributions described in this Section 5.04(b) shall not be provided."

4. Section 5.07(a) is amended to read as follows:

> "(a) The Retirement Contributions described in this Section 5.07(a) shall be provided only with respect to:
>
> (i) salaried Employees hired on and after January 1, 2005 (and effective January 1, 2008, salaried Employees hired before January 1, 2005);
>
> (ii) hourly non-collectively bargained Employees in the Chlor Alkali division hired on or after January 1, 2005 (and effective January 1, 2008, hourly non-collectively bargained Employees in the Chlor Alkali division hired before January 1, 2005);
>
> (iii) hourly non-collectively bargained Employees at the Oxford, Mississippi location of the Winchester division hired on or after January 1, 2005;
>
> (iv) collectively bargained Employees at the East Alton, Illinois facility hired on or after January 1, 2006;
>
> (v) hourly Employees at the Waterbury, Connecticut (Somers) facility hired on or after January 1, 2006;
>
> (vi) hourly Employees at the facility previously operated as a joint venture with E.I. du Pont de Nemours and Company at Niagara Falls, New York (referred to as the Niagara Falls/Niachlor facility) hired on or after March 15, 2006;
>
> (vii) collectively bargained employees at Bryan Metals, Inc. (effective January 1, 2007);
>
> (viii) hourly employees at the Cuba, Missouri facility hired on or after January 1, 2007;
>
> (ix) collectively bargained employees working at the Chase Brass & Copper Company in the Montpelier, Ohio location (effective September 1, 2007);
>
> (x) salaried employees and collectively bargained employees of the Henderson Bargaining Unit working at Pioneer (effective January 1, 2008); and
>
> (xi) collectively bargained Employees at the Joliet, Illinois location (effective January 1, 2008).

The Retirement Contributions made under this Section 5.07(a) shall be allocated to the Retirement Contribution Accounts of eligible Active Participants following the end of each Plan Year (or, at the Company's discretion, during such Plan Year at such time or times as the Company determines to be administratively feasible) with respect to which a contribution is made, in an amount equal to 5% of the Participant's Compensation for such Plan Year (or, if applicable, portion of the Plan Year in which a population was eligible to participate under this Section 5.07(a)), provided, however, that:

(i) with respect to eligible hourly non-collectively bargained Employees at the Oxford, Mississippi location of the Winchester division, such percentage shall be 3%,

(ii) effective as of January 1, 2008 with respect to salaried Employees, hourly non-collectively bargained Employees in the Chlor Alkali division including Pioneer, and collectively bargained employees of the Henderson Bargaining Unit at Pioneer, such percentage shall be 5% if the Employee is less than age 45, and 7.5% if the Employee is age 45 or older, and

(iii) with respect to collectively bargained Employees at the Joliet, Illinois location, such percentage shall be 5% if the Employee is less than age 45, and 6% if the Employee is age 45 or older."

5. The introduction is amended by adding the following at the end:

"Effective as of January 1, 2008, Pioneer Companies Inc., a wholly owned subsidiary of Olin Corporation, and its affiliates ("Pioneer"), became a Participating Employer in the Plan, and participation and contributions under its qualified defined contribution plans (the Pioneer Americas LLC Savings Plan for Henderson Bargaining Unit Employees, Pioneer America's LLC Savings Plan for Salaried Employees and Pioneer Americas LLC Savings Plan for Tacoma Bargaining Unit Employees (referred to herein as the "Pioneer Plans") were frozen as of December 31, 2007. It is anticipated that the Pioneer Plans will be merged into the Plan in the first quarter of the 2008. After the merger of the Pioneer Plans into the Plan and related transfer of accounts under the Pioneer Plans to the trustee/recordkeeper of the Olin Plan, participants and beneficiaries in the Pioneer Plans with respect to such accounts shall participate in the Olin Plan under the terms and conditions of the Olin Plan."

6. Section 3.01(c) is amended by adding the following:

"Effective as of January 1, 2008, the initial contribution rate for an Eligible Employee of Pioneer eligible as of such date to have Tax Deferred Contributions made on his behalf shall be at the applicable salary deferral / pre-tax contribution rate (if any) such Eligible Employee was utilizing as of December 31, 2007 under the applicable Pioneer Plan. Such contribution rate may be changed in accordance with applicable Plan terms."

7. Section 7.02 is hereby amended by adding the following subparagraph (h):

"(h) Notwithstanding the foregoing (and after the merger of the Pioneer Plans into the Plan), the portion of a Participant's Company Contribution Account attributable to Pioneer Plan employer contribution amounts shall be fully vested and non-forfeitable as of the date such Participant has three Years of Service. For purposes of this Section 7.02 with regard to Participants at Pioneer, Years of Service shall include service with Pioneer prior to its acquisition (as determined by reference to the vesting service provisions of the applicable Pioneer Plan). Notwithstanding the preceding, with regard to any transitional employees of the Pioneer acquisition transaction (as reflected in Schedules 5.13(a) and (b) of the acquisition/purchase agreement, provided that the related transition employee agreement was entered into with such employee), such transitional employees shall upon satisfying the applicable conditions of his or her transitional agreement be fully vested in his or her Company Contribution Account upon the transitional employee's termination of employment to the extent not already fully vested."

8. Section 3.01© is amended by adding the following new paragraph:

"For Eligible Employees hired on or after November 1, 2006, andprovided that such newly hired Eligible Employee during the Opt Out Period does not make a contrary election (such as electing to not participate in the Plan, or electing to participate in the Plan at an earlier or different time, or electing a different Tax Deferred Contribution percentage), such Eligible Employee shall participate in the Plan as soon as administratively feasible on or after the expiration of the Opt Out Period and the percentage of the reduction in his Compensation shall be set at 6%. Such Tax Deferred Contribution rate may be changed in accordance with applicable Plan terms. The manner and form for making a contrary election during the Opt Out Period shall be set by the Administrative Committee, and the default investment for such contributions (to the extent the Participant does not provide affirmative investment direction) shall be the Age-Based Retirement Fund with the date closest to the Participant's anticipated retirement date (assuming such person retires at age 65). The term "Opt Out Period" refers to the sixty –day period commencing on the Eligible Employee's date of hire."

BENEFIT PLAN REVIEW COMMITTEE OF OLIN CORPORATION

AMENDMENT TO THE
OLIN CORPORATION CONTRIBUTING EMPLOYEE OWNERSHIP PLAN
(As amended and restated effective December 1, 2003)

Olin Corporation (the "Company") currently maintains the Olin Corporation Contributing Employee Ownership Plan (the "Plan"). The Company desires to amend Sections 8.03(b) and 10.01(b) of the Plan to reflect the addition of non-spousal beneficiary rights in accordance with the Pension Protection Act of 2006. This amendment shall supersede the provisions of the Plan to the extent that those provisions are inconsistent with the provisions of this amendment.

In Section 14.01 of the Plan, the Company reserved the right to amend the Plan. Pursuant to the authority of the Benefit Plan Review Committee of Olin Corporation ("the Committee"), effective as of January 1, 2008 the Committee consents to the amendment of the Plan in the following manner:

1. Section 8.03(b) is hereby amended to read as follows:

"(b) For purposes of this Section 8.03 and Appendix B, hardship means an immediate and heavy need to draw on financial resources to meet obligations incurred or to be incurred with respect to: (i) uninsured medical expenses (as defined in Code Section 213(d)) incurred or to be incurred by the Participant, his Spouse, non-spousal beneficiaries, or dependents (as defined in Code Section 152); (ii) costs directly related to the purchase of a principal residence (excluding mortgage payments) of the Participant; (iii) the payment of tuition and related educational fees, room and board for the next 12 months of post secondary education for the Participant, his Spouse, non-spousal beneficiary, children or dependents; (iv) the prevention of the eviction of the Participant from his principal residence or to prevent foreclosure on the mortgage of his principal residence; and (v) other extraordinary expenses as determined by the Administrative Committee."

2. Section 10.01(b) is hereby amended by revising the last two sentences in the second paragraph as follows:

"The definition of 'eligible retirement plan' shall also apply in the case of a distribution to a surviving spouse, a non-spousal beneficiary distributee, or a spouse or former spouse who is the alternate payee under a QDRO, as defined in Section 414(p) of the Code. However, in the case of an eligible rollover distribution made prior to January 1, 2002 to a surviving spouse or an eligible rollover distribution made to a non-spousal beneficiary distributee, an "eligible retirement plan" is limited to an individual retirement account or individual retirement annuity in accordance with the Code and applicable law."

3. Section 10.01(b) is hereby amended by revising the fourth paragraph as follows:

“The Administrative Committee need not obtain evidence that a retirement plan had received an IRS determination letter in order to have a reasonable belief that a retirement plan is qualified under Code Section 401(a). A "direct rollover" is a payment by the Plan to the eligible retirement plan specified by the distributee. For purposes of this Section 10.01(b), a distributee includes an Employee or former Employee. In addition, the Employee's or former Employee's surviving spouse or non-spousal beneficiary (or other eligible distributee as defined under the Code and applicable law) and the Employee's or former Employee's spouse or former spouse who is an alternate payee under a qualified domestic relations order, as defined in section 414(p) of the Code, are distributees with regard to the interest of such person.”

[Remainder of Page Left Blank Intentionally]

IN WITNESS WHEREOF, the undersigned have executed this amendment on behalf of Olin Corporation effective as of the date therein.

Benefit Plan Review Committee:

/s/ Stephen C. Curley
Stephen C. Curley

/s/ Sharon E. Doughty
Sharon E. Doughty

/s/ Dennis R. McGough
Dennis R. McGough

/s/ George H. Pain
George H. Pain

BENEFIT PLAN REVIEW COMMITTEE OF OLIN CORPORATION

AMENDMENT TO THE
OLIN CORPORATION CONTRIBUTING EMPLOYEE OWNERSHIP PLAN
(As amended and restated effective December 1, 2003)

Olin Corporation (the "Company") currently maintains the Olin Corporation Contributing Employee Ownership Plan (the "Plan"). The Company desires to amend the Plan to provide automatic enrollment for eligible employees currently not making elective deferrals under the Plan. This amendment shall supersede the provisions of the Plan to the extent that those provisions are inconsistent with the provisions of this amendment.

In Section 14.01 of the Plan, the Company reserved the right to amend the Plan. Pursuant to the authority of the Benefit Plan Review Committee of Olin Corporation ("the Committee"), effective as of June 1, 2008, the Committee consents to the amendment of the Plan in the following manner:

1. Section 3.01(c) is amended by placing its current provisions into subsection (i).

2. Section 3.01(c) is amended by adding the following new subsection (ii):

"(ii) This Section 3.01(c)(ii) shall apply to salaried and hourly non-collectively bargained Eligible Employees who as of May 1, 2008 are not making Tax Deferred Contributions made under the Plan (the "Potential Auto-Enrollees"); provided, however, that Potential Auto-Enrollees shall not include (y) Employees in the Winchester division and (z) Employees who are not making Tax Deferred Contributions under the Plan due to the contribution suspension provisions of Sections 8.02 and 8.03.

Provided that a Potential Auto-Enrollee during the Opt Out Period does not make a contrary election (such as electing to not participate in the Plan, or electing to participate in the Plan at an earlier or different time, or electing a different Tax Deferred Contribution percentage), such Potential Auto-Enrollee shall participate in the Plan as soon as administratively feasible on or after July 1, 2008 and the percentage of the reduction in his or her Compensation shall be set at 2%. Provided that a Potential Auto-Enrollee does not subsequently elect a different Tax Deferred Contribution rate, the Tax Deferred Contribution rate of 2% shall increase by 1% annually to a maximum of 6%, with each such rate increase to occur as soon as administratively feasible on or after each subsequent July 1st. Notwithstanding the foregoing, a Potential Auto-Enrollee may change his or her Tax Deferred Contribution rate in accordance with applicable Plan terms.

The manner and form for making a contrary election during the Opt Out Period shall be set by the Administrative Committee, and the default investment for such contributions (to the extent the Potential Auto-Enrollee does not provide affirmative investment direction) shall be the Age-Based Retirement Fund with the date closest to the Participant's anticipated retirement date (assuming such person retires at age 65). For purposes of this Section 3.01(c)(ii), the term "Opt Out Period" refers to the [sixty]-day period before July 1, 2008."

[Remainder of Page Left Blank Intentionally]

IN WITNESS WHEREOF, the undersigned have executed this amendment on behalf of Olin Corporation effective as of date provided above.

Benefit Plan Review Committee:

/s/ Stephen C. Curley
Stephen C. Curley

/s/ Sharon E. Doughty
Sharon E. Doughty

/s/ Dennis R. McGough
Dennis R. McGough

/s/ George H. Pain
George H. Pain

OLIN CORPORATION
BENEFIT PLAN REVIEW COMMITTEE (“Committee”)

MEETING - DECEMBER 19, 2008

RESOLVED, that the Committee adopts the amendment to the Olin Corporation Employees Pension Plan attached hereto as Exhibit A.

RESOLVED, that the Committee adopts the amendment to the Olin Corporation Contributing Employee Ownership Plan attached hereto as Exhibit B.

RESOLVED, that the Committee adopts the amendment to the GOCO Pension Plan attached hereto as Exhibit C.

RESOLVED, that the Committee adopts the amendment and restatement of the Employment Transition Benefit Plan of Olin Corporation and its Affiliates attached hereto as Exhibit D.

RESOLVED further, that any Committee Member be, and each of them hereby is, authorized to execute and deliver, in the name and on behalf of the Committee, all such plan documentation (including plan amendments), contracts, agreements, certificates, documents, notices and other instruments, with such terms and conditions, and take such other action, as the person so acting deems necessary or appropriate to carry out the intent of the foregoing resolution.

[Signatures on Next Page]

APPROVED:

/s/ Stephen C. Curley
Stephen C. Curley

/s/ Sharon E. Doughty
Sharon E. Doughty

/s/ Dennis R. McGough
Dennis R. McGough

/s/ George H. Pain
George H. Pain

EXHIBIT B

BENEFIT PLAN REVIEW COMMITTEE OF OLIN CORPORATION

AMENDMENT TO THE
OLIN CORPORATION CONTRIBUTING EMPLOYEE OWNERSHIP PLAN
(As amended and restated effective December 1, 2003)

Olin Corporation (the "Company") currently maintains the Olin Corporation Contributing Employee Ownership Plan (the "Plan"). The Company desires to amend the Plan in order to comply with changes required by applicable law, or in order to make certain administrative or benefit changes to the Plan. This amendment shall supersede the provisions of the Plan to the extent that those provisions are inconsistent with the provisions of this amendment.

In Section 14.01 of the Plan, the Company reserved the right to amend the Plan. Pursuant to the authority of the Benefit Plan Review Committee of Olin Corporation (the "Committee"), effective as of December 19, 2008 (or such date specified herein for a particular item), the Committee consents to the amendment of the Plan in the following manner:

1. The definition of "Compensation" under Article I is amended by adding the following to the end of the first paragraph:

> "Notwithstanding the foregoing, effective as of January 1, 2008 and solely for purposes of determining the Compensation utilized in the determination of Retirement Contribution amounts under the Plan, Compensation shall be as provided in the first sentence but shall exclude (a) any amounts contributed to, or the value of benefits distributed under, the Company's qualified defined benefit pension plans, this Plan or any other deferred compensation plan or program, (b) any benefits provided under an employee benefit or fringe benefit plan or program, or the taxable value of any fringe benefits, (c) cost of living and similar allowances, (d) amounts paid under a performance unit plan or other long-term bonus plan, (e) other extraneous income ."

2. The definition of "ESOP Account" under Article I is clarified as of the Restatement Effective Date to read as follows:

> ""ESOP Account" shall mean that portion of the Account invested in the Olin Common Stock Fund which, with respect to any Participant with benefits accrued during periods of service for a Participating Employer, is attributable to his Taxed Contributions, Company Contributions and other amounts subject to Code Section 401(m) restrictions that are contributed by his Participating Employer."

3. Section 3.02 is amended by adding the following after the first sentence:

> "Effective for Plan Years beginning after 2008, this Plan shall be a "safe harbor" plan (via the non-elective contribution approach) as described in Code Sections 401(k)(12) and 401(m)(11) for all Non-Bargaining Unit Employees. To the extent provided by applicable law, the following provisions of this Section 3.02 shall not apply for any Plan Year in which this Plan meets the requirements for such a "safe harbor" plan."

4. Section 3.05 is amended by adding the following after the first sentence:

> "Effective for Plan Years beginning after 2008, this Plan shall be a "safe harbor" plan (via the non-elective contribution approach) as described in Code Sections 401(k)(12) and 401(m)(11) for all Non-Bargaining Unit Employees. To the extent provided by applicable law, the following provisions of this Section 3.05 shall not apply for any Plan Year in which this Plan meets the requirements for such a "safe harbor" plan."

5. Article III is amended by adding the following Section 3.08:

> "3.08 Final 415 Regulations . Notwithstanding anything to the contrary herein, the application of the Code Section 415 limitations and requirements for limitation years beginning on or after July 1, 2007 shall be made in accordance with the final Treasury regulations published in April 2007 with respect to applying such limitations and requirements."

6. Section 5.02(a)(2) is amended by inserting "cash" immediately in front of "dividend" or "dividends" wherever such words appear in such section.

7. Section 5.02(a)(3) is amended by inserting "or non-cash dividends paid on Company Stock held in the Participant's ESOP Account" immediately after "ESOP Account".

8. Section 5.07(a) is amended to read as follows:

"(a) The Retirement Contributions described in this Section 5.07(a) shall be provided only with respect to:

(i) salaried Employees hired on and after January 1, 2005 (and effective January 1, 2008, salaried Employees hired before January 1, 2005);

(ii) hourly non-collectively bargained Employees in the Chlor Alkali division hired on or after January 1, 2005 (and effective January 1, 2008, hourly non-collectively bargained Employees in the Chlor Alkali division hired before January 1, 2005);

(iii) hourly non-collectively bargained Employees at the Oxford, Mississippi location of the Winchester division hired on or after January 1, 2005;

(iv) collectively bargained Employees at the East Alton, Illinois facility hired on or after January 1, 2006;

(v) hourly Employees at the Waterbury, Connecticut (Somers) facility hired on or after January 1, 2006;

(vi) hourly Employees at the facility previously operated as a joint venture with E.I. du Pont de Nemours and Company at Niagara Falls, New York (referred to as the Niagara Falls/Niachlor facility) hired on or after March 15, 2006;

(vii) collectively bargained Employees at Bryan Metals, Inc. (effective January 1, 2007);

(viii) hourly Employees at the Cuba, Missouri facility hired on or after January 1, 2007;

(ix) collectively bargained Employees working at the Chase Brass & Copper Company in the Montpelier, Ohio location (effective September 1, 2007);

(x) salaried Employees and collectively bargained Employees of the Henderson Bargaining Unit working at Pioneer (effective January 1, 2008);

(xi) collectively bargained Employees at the Joliet, Illinois location (effective January 1, 2008); and

(xii) collectively bargained Employees at the McIntosh, Alabama location (effective May 26, 2008)

The Retirement Contributions made under this Section 5.07(a) shall be allocated to the Retirement Contribution Accounts of eligible Active Participants following the end of each Plan Year (or, at the Company's discretion, during such Plan Year at such time or times as the Company determines to be administratively feasible) with respect to which a contribution is made, in an amount equal to 5% of the Participant's Compensation for such Plan Year (or, if applicable, portion of the Plan Year in which a population was eligible to participate under this Section 5.07(a)), provided, however, that:

(i) with respect to eligible hourly non-collectively bargained Employees at the Oxford, Mississippi location of the Winchester division, such percentage shall be 3%,

(ii) effective as of January 1, 2008 with respect to salaried Employees, hourly non-collectively bargained Employees in the Chlor Alkali division, hourly non-collectively bargained Employees the Niagara Falls/Niachlor facility hired after March 15, 2006, and salaried employees and collectively bargained employees of the Henderson Bargaining Unit at Pioneer, such percentage shall be 5% if the Employee is less than age 45, and 7.5% if the Employee is age 45 or older, and

(iii) with respect to collectively bargained Employees at the Joliet, Illinois location, such percentage shall be 5% if the Employee is less than age 45, and 6% if the Employee is age 45 or older."

9. Section 5.07(c) is amended to read as follows:

"(c) Collectively bargained Employees at the East Alton, Illinois facility hired before January 1, 2006 who are active participants in the Olin Corporation Employees Pension Plan under such plan's Appendix J-9 shall have the opportunity during 2006 (in the form and manner determined by the Administrative Committee or its designee) to elect, effective as of December 31, 2006 to (i) continue accruing benefits under the Olin Corporation Employees Pension Plan in accordance with the terms of such plan's Appendix J-9 (as amended from time to time), or (ii) cease accruing benefits under the Olin Corporation Employees Pension Plan and instead be eligible to receive a certain retirement contribution under the Plan in accordance with the terms (as amended from time to time) hereunder. Such collectively bargained Employees electing option (ii) of the preceding sentence shall be known herein as "Electing CEOP Participants".

Effective as of January 1, 2007, the Retirement Contributions described in this Section 5.07(c) shall be provided only with respect to Electing CEOP Participants. The Retirement Contributions made under this Section 5.07(c) shall be allocated during a Plan Year (beginning with the 2007 Plan Year) on a pay period basis (or at such other time or times as the Company determines to be administratively feasible) to the Retirement Contribution Accounts of eligible Active Participants with respect to which a contribution is made, in an amount equal to a certain percentage of the Participant's Compensation.

For the 2007 Plan Year and the portion of the 2008 Plan Year from January 1, 2008 to December 6, 2008, such percentage shall equal the sum of (i) 5%, (ii) the "service based percentage" as determined in accordance with the table below, and (iii) 2% if such Participant was at least age 50 as of January 1, 2007.

Service	Service Based Percentage
Under 15	0%
15-19	1%
20-24	3%
25 or more	5%

The determination of service for the above tables shall be subject to the following:

(i) service shall be determined as of the last day of the prior Plan Year;

(ii) service shall refer to Years of Service; and

(iii) service shall be rounded down to the nearest whole number.

Effective as of December 7, 2008, such percentage shall be determined as follows:

(i) with respect to Participants whose percentage immediately before December 7, 2008 was 12%, such percentage shall be 12%;

(ii) with respect to Participants whose percentage immediately before December 7, 2008 was 10%, such percentage shall be 10%;

(iii) with respect to Participants whose percentage immediately before December 7, 2008 was 8%, such percentage shall be 8%;

(iv) with respect to Participants whose percentage immediately before December 7, 2008 was 7%, such percentage shall be 7% if the Participant is less than age 45, and 7.5% if the Participant is age 45 or older;

(v) with respect to Participants whose percentage immediately before December 7, 2008 was 6%, such percentage shall be 6% if the Participant is less than age 45, and 7.5% if the Participant is age 45 or older. Participants who are less than age 45 on December 7, 2008 shall become eligible for a percentage contribution of 7.5% commencing the month following their attainment of age 45; and

(vi) with respect to Participants whose percentage immediately before December 7, 2008 was 5%, such percentage shall be 5% if the Participant is less than age 45, and 7.5% if the Participant is age 45 or older. Participants who are less than age 45 on December 7, 2008 shall become eligible for a percentage contribution of 7.5% commencing the month following their attainment of age 45.

10. The current Section 5.07(d) is renumbered to be Section 5.07(e) and a new Section 5.07(d) is inserted that reads as follows:

"(d) Effective as of February 1, 2009, collectively bargained Employees at the East Alton, Illinois facility hired before January 1, 2006 who cease accruing benefits under the Olin Corporation Employees Pension Plan (under such plan's Appendix J-9) as of January 31, 2009 due to such plan's benefit accrual freeze shall be eligible to receive a certain retirement contribution under the Plan in accordance with the terms (as amended from time to time) hereunder. The Retirement Contributions described in this Section 5.07(d) shall be provided only with respect to such collectively bargained Employees described in the preceding sentence.

The Retirement Contributions made under this Section 5.07(d) shall be allocated during a Plan Year (or in the case of the 2009 Plan Year, from February 1, 2009 to December 31, 2009) on a pay period basis (or at such other time or times as the Company determines to be administratively feasible) to the Retirement Contribution Accounts of eligible Active Participants with respect to which a contribution is made, in an amount equal to a certain percentage of the Participant's Compensation. Such percentage shall be 5% if the Participant is less than age 45, and 7.5% if the Participant is age 45 or older."

11. Section 5.07 is amended by adding the following paragraph (f):

"(f) Effective for Plan Years beginning after 2008, and notwithstanding Section 7.02, the Retirement Contribution attributable to 3% of a Participant's Compensation made with respect to a Plan Year for Non-Bargaining Unit Employees shall be 100% vested. The vesting schedule provided under Section 7.02 shall still be applicable to Retirement Contributions for Bargaining Unit Employees, Retirement Contributions made in Plan Years prior to 2009, and Retirement Contributions for Non-Bargaining Unit Employees made in Plan Years after 2008 to the extent they are in excess of the Retirement Contribution described in the first sentence."

12. The first paragraph of Section 9.06 is hereby amended to read as follows:

"All loans shall provide for substantially level amortization over the term of the loan, with payments of principal and interest paid through automatic payroll deductions; provided, however, that the Eligible Borrower may prepay the loan in full at any time without penalty and the Eligible Borrower shall be required to make repayment in full upon the Eligible Borrower's termination of employment. Notwithstanding the preceding, an Eligible Borrower shall be permitted to continue to make payments on an existing loan after termination of employment in accordance with and subject to the rules set by the Administrative Committee."

13. Article XV is amended by adding the following Section 15.13:

"15.13 Statute of Limitations . After exhausting the Plan's administrative claim and appeal provisions, an individual wishing to bring a lawsuit in either state or federal court challenging a claim denial must commence the lawsuit no later than six months after the individual receives a final denial letter indicating the individual has exhausted his or her administrative appeals and has the right to file a lawsuit. In addition to this six month deadline that applies to filing a lawsuit after the claims and appeals procedures are exhausted, a general time limitation shall apply to all lawsuits involving all types of Plan issues. An individual must commence any such lawsuit involving Plan claims no later than two years after the individual first receives information that constitutes a clear repudiation of the rights the individual is seeking to assert (i.e., the underlying event or issue that should have triggered the individual's awareness that his or her rights under the Plan may have been violated). Although any period of time when an individual's claim is in the claims procedure described above (i.e., the time between when an individual files a claim for benefits with the Administrative Committee and the time the individual receives a final determination letter from the Administrative Committee) does not count against the two-year period, once the claims procedure process is completed, the two year period will continue running from the point at which it was tolled.

In order to mitigate any damages or other negative effects, individuals must always carefully review their account statements, confirmations, payroll records (e.g., for deductions and contributions made to the plan) and any other records relating to the Plan, and report any discrepancies or other concerns within 30 days of the date of the applicable record through the procedures discussed in the summary plan description. An individual must file a claim under the Plan's claim procedures if his or her concerns cannot be resolved within this time. Neither the Company, the Plan, the Administrative Committee, nor any of their agents or employees will be responsible for damages or other negative effects incurred by an individual caused by such individual's failure to follow these requirements and procedures."

BENEFIT PLAN REVIEW COMMITTEE OF OLIN CORPORATION

AMENDMENT TO THE
OLIN CORPORATION CONTRIBUTING EMPLOYEE OWNERSHIP PLAN
(As amended and restated effective December 1, 2003)

Olin Corporation (the "Company") currently maintains the Olin Corporation Contributing Employee Ownership Plan (the "Plan"). The Company desires to amend the Plan to reflect (i) the elimination of the Arch Common Stock Fund and certain clarification items, (ii) benefit and vesting changes resulting from the New Haven Copper Company closing in 2007, and (iii) changes in employer retirement contributions for certain employee populations. This amendment shall supersede the provisions of the Plan to the extent that those provisions are inconsistent with the provisions of this amendment.

In Section 14.01 of the Plan, the Company reserved the right to amend the Plan. Pursuant to the authority of the Benefit Plan Review Committee of Olin Corporation ("the Committee"), effective as of December 31, 2006 (or such date specified herein for a particular item), the Committee consents to the amendment of the Plan in the following manner:

1. Article I is hereby amended effective as October 1, 2006 by replacing the definition of "Olin Common Stock Fund" with the following:

   "" *Olin Common Stock Fund"* means the Fund under the Plan that is 100% invested in Company Stock, provided that (i) cash dividends (net of expenses applied to the Fund) paid on the Company Stock shall be reinvested in Company Stock except as otherwise set forth in the Plan, and (ii) cash and cash equivalents may be kept in the Fund to allow the processing of Fund orders and to pay permitted Plan expenses."

2. Section 3.04(d) is hereby amended by adding the following paragraph at the end of such section:

   "Notwithstanding the above paragraph, due to the New Haven Copper Company closing, Monarch shall also make a contribution to this Plan for the 2007 Plan Year in cash equal to five percent (5%) of the Compensation of each eligible collectively bargained Employee who is employed by the New Haven Copper Company in such Plan Year regardless of whether such Employee meets the requirements of clauses (i), (ii) and (iii) in the first sentence of the above paragraph, provided that such Employee is employed by the New Haven Copper Company up until such Employee's scheduled release date (such date to be determined by the Company as part of the closing of the New Haven Copper Company) (such Employees are herein referred to as the "New Haven Release Date Employees"). There shall be no duplicate contributions for a particular Employee employed by the New Haven Copper Company as a result of this paragraph and the above paragraph."

3. Section 5.07(a) is amended by replacing the first sentence with the following:

"The Retirement Contributions described in this Section 5.07(a) shall be provided only with respect to:

(i) salaried Employees hired on and after January 1,2005;

(ii) hourly non-collectively bargained Employees in the Chlor Alkali division hired on or after January 1, 2005;

(iii) hourly non-collectively bargained Employees at the Oxford, Mississippi location of the Winchester division hired on or after January 1, 2005;

(iv) collectively bargained Employees at the East Alton, Illinois facility hired on or after January 1, 2006;

(v) hourly Employees at the Waterbury, Connecticut (Somers) facility hired on or after January 1, 2006;

(vi) hourly Employees at the facility previously operated as a joint venture with E.I. du Pont de Nemours and Company at Niagara Falls, New York (referred to as the Niagara Falls/Niachlor facility) hired on or after March 15, 2006;

(vii) collectively bargained employees at Bryan Metals, Inc. (effective January 1, 2007); and

(viii) hourly employees at the Cuba, Missouri facility hired on or after January 1, 2007."

4. Section 6.01 is hereby clarified effective as October 1, 2006 by inserting the following after the second sentence of the last paragraph of such section:

"To the extent a self-directed brokerage window investment option is available, each Participant (or Beneficiary as the case may be) shall be the "named fiduciary" (as described in Section 402(a)(2) of ERISA) with respect to such self-directed brokerage window investment option.

5. Section 6.04(d) is hereby amended by adding the following at the end of such section:

"Effective October 1, 2006, in the time and manner as directed by the Investment Committee (and any delegate thereto), the Arch Common Stock Fund shall be progressively liquidated and the proceeds invested in the same manner and percentages as the Participant's (or Beneficiary's) other Participant-Directed Investments. The Arch Common Stock Fund shall cease to be an investment option under the Plan as of its complete liquidation."

6. Section 7.02 is hereby amended by adding the following subparagraph (f):

   "Notwithstanding the foregoing, the Company Contribution Account of each New Haven Release Date Employee shall be fully vested and non-forfeitable as of his or her scheduled release date."

7. Section 13.02(a) is hereby amended effective as October 1, 2006 by revising the last sentence to read as follows:

   "As to any tender offer, each Participant (or Beneficiary in the event of the death of the Participant), as a named fiduciary within the meaning of Section 402(a)(2) of ERISA, shall have the right to determine whether shares held subject to the Plan will be tendered. Participant determinations under this section shall be governed by Section 12.11(a) of the Plan."

[Remainder of Page Left Blank Intentionally]

IN WITNESS WHEREOF, the undersigned have executed this amendment on behalf of Olin Corporation effective as of the date therein.

Benefit Plan Review Committee:

/s/ Stephen C. Curley
Stephen C. Curley

/s/ Sharon E. Doughty
Sharon E. Doughty

/s/ Dennis R. McGough
Dennis R. McGough

/s/ George H. Pain
George H. Pain

Exhibit 12

OLIN CORPORATION AND CONSOLIDATED SUBSIDIARIES
Computation of Ratio of Earnings to Fixed Charges
(In millions)
(Unaudited)

	Years Ended December 31,				
	2008	***2007***	***2006***	***2005***	***2004***
Earnings:					
Income from continuing operations before taxes and cumulative effect of accounting change	$ 257.5	$ 150.7	$ 163.2	$ 191.3	$ 26.6
Add (deduct):					
Equity in income of non-consolidated affiliates	(39.4)	(46.0)	(45.3)	(37.8)	(9.0)
Dividends received from non-consolidated affiliates	0.2	—	—	0.5	—
Capitalized interest	(5.0)	(0.2)	—	(0.3)	—
Fixed charges as described below	33.7	33.4	28.7	27.7	27.6
Total	$ 247.0	$ 137.9	$ 146.6	$ 181.4	$ 45.2
Fixed Charges:					
Interest expensed and capitalized	$ 18.3	$ 22.3	$ 20.3	$ 20.2	$ 20.2
Estimated interest factor in rent expense [(1)]	15.4	11.1	8.4	7.5	7.4
Total	$ 33.7	$ 33.4	$ 28.7	$ 27.7	$ 27.6
Ratio of earnings to fixed charges	7.3	4.1	5.1	6.5	1.6

(1) Amounts represent those portions of rent expense that are reasonable approximations of interest costs.

Exhibit 21

SUBSIDIARIES OF OLIN CORPORATION [1]

(as of December 31, 2008)

Company	**% Ownership (Direct/Indirect)**	**Jurisdiction**
Bridgeport Brass Corporation [2]	100	IN
Hunt Trading Co.	100	MO
Imperial West Chemical Co. [3]	100	NV
KNA California, Inc. [3]	100	DE
KWT, Inc. [3]	100	DE
LTC Reserve Corp.	100	DE
Monarch Brass & Copper Corp.	100	NY
Monarch Brass & Copper of New England Corp. [4]	100	RI
New Haven Copper Company [4]	100	CT
Olin Benefits Management, Inc.	100	CA
Olin Business Holdings [5]	100	DE
Olin Engineered Systems, Inc.	100	DE
Olin Environmental Management, Inc. [6]	90	DE
Olin Far East, Limited	100	DE
Olin Financial Services Inc.	100	DE
Olin Funding Company LLC	100	DE
Olin Resources, LLC	100	IL
Olin Sunbelt, Inc.	100	DE
Pioneer Americas LLC [7]	100	DE
Pioneer Companies, Inc.	100	DE
Pioneer (East), Inc. [3]	100	DE
Pioneer Licensing, Inc. [3]	100	DE
Pioneer Transportation LLC [8]	100	DE
Pioneer Water Technologies, Inc. [3]	100	DE
Ravenna Arsenal, Inc.	100	OH
Sunbelt Chlor Alkali Partnership	50	DE
Waterbury Rolling Mills, Inc. [4]	100	CT
Nutmeg Insurance Limited	100	Bermuda
PCI Chemicals Canada Company/Société PCI Chimie Canada [3]	100	Nova Scotia, Canada
Olin Canada Inc.	100	Canada
Olin Hunt Specialty Products S.r.l.	100	Italy
Olin (UK) Limited	100	United Kingdom
Reductone Brasil Ltda.	100	Brazil
Winchester Australia Limited [9]	100	Australia

1 Omitted from the following list are the names of certain subsidiaries which, if considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary.

2 d/b/a "Olin Brass, Indianapolis" and "Olin Brass, Indianapolis Facility" in CA, IL, IN, NJ, NC, OH, PA, RI and TX.

3 Indirect subsidiary, wholly-owned by Olin’s wholly-owned subsidiary, Pioneer Companies, Inc.

4 Indirect subsidiary, wholly-owned by Olin's wholly-owned subsidiary, Monarch Brass & Copper Corp.

5 This entity was formerly named A. J. Oster Co. A Delaware partnership of which Olin Corporation owns 63.19% and Olin’s wholly-owned subsidiary, Olin Engineered Systems, Inc. owns 36.81%.

6 Class A shares, all of which are held directly and indirectly by Olin Corporation, have the right to elect 4 directors. Class B shares, none of which are held directly or indirectly by Olin Corporation, have the right to elect 1 director.

7 Indirect subsidiary, PCI Chemicals Canada Company is the sole member of Pioneer Americas LLC, PCI Chemicals Canada Company, is wholly-owned by Pioneer Companies, Inc., a wholly-owned subsidiary of Olin Corporation.

8 Indirect subsidiary, Pioneer Americas LLC is the sole member of Pioneer Transportation LLC, Pioneer Americas LLC is wholly-owned by PCI Chemicals Canada Company, a wholly-owned subsidiary of Pioneer Companies, Inc., a wholly-owned subsidiary of Olin Corporation.

9 Olin Australia Limited was renamed Winchester Australia Limited effective 12/5/2007

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Olin Corporation:

We consent to incorporation by reference in the Registration Statements No. 333-156082 on Form S-3, No. 333-138238 on Form S-4, and Nos. 33-00159, 33-52681, 33-40346, 33-41202, 333-05097, 333-17629, 333-18619, 333-39305, 333-39303, 333-31098, 333-31096, 333-35818, 333-54308, 333-56690, 333-72244, 333-97759, 333-98193, 333-88990, 333-110135, 333-110136, 333-124483, 333-127112, 333-133731, 333-148918, and 333-153183 on Form S-8 of Olin Corporation of our report dated February 24, 2009 with respect to the consolidated balance sheets of Olin Corporation and subsidiaries as of December 31, 2008 and 2007, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2008, and the effectiveness of internal control over financial reporting as of December 31, 2008, which report appears in the December 31, 2008 annual report on Form 10-K of Olin Corporation.

Our report with respect to the consolidated financial statements refers to Olin Corporation's adoption of the provisions of Financial Accounting Standards Board's Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* , in 2007, the provisions of Statement of Financial Accounting Standards (SFAS) No. 123 (Revised 2004), *Share-Based Payment*, in 2006, and the provisions of SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*, in 2006.

/s/ KPMG LLP

St. Louis, Missouri
February 24, 2009

Exhibit 23.2

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement No. 333-156082 on Form S-3 of Olin Corporation; Registration Statement No. 333-138238 on Form S-4 of Olin Corporation; and Registration Statement Nos. 33-00159, 33-52681, 33-40346, 33-41202, 333-05097, 333-17629, 333-18619, 333-39305, 333-39303, 333-31098, 333-31096, 333-35818, 333-54308, 333-56690, 333-72244, 333-97759, 333-98193, 333-88990, 333-110135, 333-110136, 333-124483, 333-127112, 333-133731, 333-148918 and 333-153183 on Form S-8 of Olin Corporation of our report dated February 20, 2009, with respect to the financial statements of SunBelt Chlor Alkali Partnership included in the Annual Report (Form 10-K) of Olin Corporation for the year ended December 31, 2008.

/s/ ERNST & YOUNG LLP

Cleveland, Ohio
February 23, 2009

Exhibit 31.1

CERTIFICATIONS

I, Joseph D. Rupp, certify that:

1. I have reviewed this annual report on Form 10-K of Olin Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 24, 2009

/s/ Joseph D. Rupp
Joseph D. Rupp
Chairman, President and Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, John E. Fischer, certify that:

1. I have reviewed this annual report on Form 10-K of Olin Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 24, 2009

/s/ John E. Fischer
John E. Fischer
Vice President and Chief Financial Officer

Exhibit 32

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Olin Corporation (the "Company") on Form 10-K for the period ended December 31, 2008 as filed with the Securities and Exchange Commission (the "Report"), I, Joseph D. Rupp, Chairman, President and Chief Executive Officer and I, John E. Fischer, Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to our knowledge: (1) the Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its Staff upon request.

/s/ Joseph D. Rupp
Joseph D. Rupp
Chairman, President and Chief Executive Officer

Dated: February 24, 2009

/s/ John E. Fischer
John E. Fischer
Vice President and Chief Financial Officer

Dated: February 24, 2009