

OLIN CORP  
 Form 424B5  
 August 17, 2009  
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**CALCULATION OF REGISTRATION FEE**

<b>Title of Each Class of</b>	<b>Amount to be</b>	<b>Maximum</b>	<b>Maximum</b>	<b>Amount of</b>
<b>Securities to be Registered</b>	<b>Registered</b>	<b>Offering</b>	<b>Aggregate Offering</b>	<b>Registration Fee (1)</b>
		<b>Price Per Unit</b>	<b>Price</b>	
8.875% Senior Notes due 2019	\$150,000,000	100%	100%	\$8,370.00

(1) Calculated in accordance with Rule 457(r) under the Securities Act of 1933 (the Securities Act ).

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**Filed Pursuant to Rule 424(b)(5)  
Registration No. 333-156082**

**PROSPECTUS SUPPLEMENT**

**(To Prospectus Dated December 12, 2008)**

**\$150,000,000**

**Olin Corporation**

**8.875% Senior Notes due 2019**

The notes will bear interest at the rate of 8.875% per year. Interest on the notes is payable on February 15 and August 15 of each year, beginning on February 15, 2010. The notes will mature on August 15, 2019. At any time prior to August 15, 2014, we may redeem some or all of the notes at 100% of the principal amount of the notes plus a make-whole premium and accrued and unpaid interest. We may also redeem some or all of the notes on or after August 15, 2014 at the redemption prices specified in this prospectus supplement under Description of Notes Optional Redemption . In addition, prior to August 15, 2012, we may redeem up to 35% of the notes at 108.875% of the principal amount of the notes plus accrued and unpaid interest with the proceeds of certain equity offerings.

The notes will be our unsecured senior obligations ranking equal in right of payment to all of our present and future unsecured senior indebtedness, will be effectively subordinated in right of payment to all of our future secured indebtedness, if any, to the extent of the value of the collateral securing such indebtedness and will be senior to all future indebtedness which is subordinated by its terms. The notes will initially not be guaranteed by any of our subsidiaries and will be structurally subordinated to all obligations of our subsidiaries. Under certain circumstances involving a change of control, holders of the notes will have the right to require us to repurchase all or any part of their notes at a repurchase price equal to 101% of the principal amount of the notes, plus accrued and unpaid interest, if any, to but excluding the repurchase date.

**Investing in the notes involves risks. See Risk Factors beginning on page S-17 of this prospectus supplement.**

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Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	<b>Per Note</b>	<b>Total</b>
Public Offering Price	99.19%	\$ 148,785,000
Underwriting Discount	1.75%	\$ 2,625,000
Proceeds to Olin Corporation (before expenses)	97.44%	\$ 146,160,000

Interest on the notes will accrue from August 19, 2009 to date of delivery.

The underwriters expect to deliver the notes to purchasers on or about August 19, 2009, only in book-entry form through the facilities of The Depository Trust Company.

*Joint Book-Running Managers*

**Citi**

**BofA Merrill Lynch**

*Co-Manager*

**Wells Fargo Securities**

August 14, 2009

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You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying base prospectus. We have not authorized anyone to provide you with different information from that contained or incorporated by reference in this prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer of the notes in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this prospectus supplement and the accompanying base prospectus is accurate as of any date later than the date on the front of this prospectus supplement or the accompanying base prospectus, as applicable.

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**IMPORTANT NOTICE ABOUT INFORMATION IN THIS  
PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING BASE PROSPECTUS**

This document is in two parts. The first part is the prospectus supplement, which describes the specific terms of the notes being offered and also adds to and updates information contained in the related base prospectus. The second part, the base prospectus, gives more general information, some of which may not apply to the notes being offered. Generally, when we refer only to the prospectus, we are referring to both parts combined, and when we refer to the accompanying base prospectus, we are referring to the base prospectus.

**If the description of your notes varies between the prospectus supplement and the accompanying base prospectus, you should rely on the information in the prospectus supplement.**

The names of our principal products used in this prospectus supplement, including Winchester are our registered trademarks. Names of companies and associations used in this prospectus supplement are trademarks or trade names of those respective organizations.

In this prospectus supplement, we rely on and refer to information regarding the chlor alkali industry and the ammunition industry and each industry's respective segments and participants from *Chemical Market Associates, Inc.* ( *CMAI* ), *Chemical Industry News & Intelligence* ( *ICIS* ) and the *Sporting Arms and Ammunition Manufacturers Institute* ( *SAAMI* ). The identified market research firms are not aware of and have not consented to being named in this prospectus supplement. Although we believe that this information is reliable, we have not independently verified the accuracy and completeness of this information.

Certain numerical figures set forth in this prospectus supplement have been subject to rounding adjustments.

**WHERE YOU CAN FIND MORE INFORMATION**

We are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act. In accordance with the Exchange Act, we file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). Our SEC file number is 1-1070. You can read and copy this information at the following location of the SEC:

Public Reference Room

100 F Street, N.E.

Room 1850

Washington, D.C. 20549

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You can also obtain copies of these materials from this public reference room, at prescribed rates. Please call the SEC at 1-800-SEC-0330 for further information on its public reference room. The SEC also maintains a web site that contains reports, proxy statements and other information about issuers, like us, who file electronically with the SEC. The address of that site is [www.sec.gov](http://www.sec.gov). Olin's SEC filings are also available from our website at <http://www.olin.com>. Information on our website is not part of this prospectus supplement or the accompanying base prospectus.

This prospectus supplement and the accompanying base prospectus, which forms a part of the registration statement, do not contain all the information that is included in the registration statement. You will find additional information about us in the registration statement. Any statements made in this prospectus supplement, the accompanying base prospectus or any documents incorporated by reference concerning the provisions of legal documents are not necessarily complete and you should read the documents that are filed as exhibits to the registration statement or otherwise filed with the SEC for a more complete understanding of the document or matter.

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**INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE**

The SEC allows us to incorporate by reference the information we file with them, which means that we can disclose important information to you by referring you to those documents and such documents are deemed to be included as part of this prospectus. We incorporate by reference in this prospectus the information contained in the following documents:

our annual report on Form 10-K for the fiscal year ended December 31, 2008, filed with the SEC on February 25, 2009;

our definitive proxy statement filed with the SEC on March 4, 2009;

our quarterly reports on Form 10-Q, for the quarters ended March 31, 2009 and June 30, 2009 filed with the SEC on April 29, 2009 and July 28, 2009 respectively;

our current reports on Form 8-K or filed portions of those reports (but not reports or portions of reports which were furnished and not deemed to be filed) filed on January 27, 2009, April 28, 2009, July 28, 2009 and July 31, 2009; and

all documents that we file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act until the offering of the notes is completed (but not documents or portions of documents which are furnished and not deemed to be filed).

You may obtain copies of those documents from us, free of cost by contacting us at the address or telephone number provided in **Incorporation of Certain Documents By Reference** in the accompanying base prospectus.

Any statement contained in a document incorporated by reference herein shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

**You will be deemed to have notice of all information incorporated by reference in this prospectus as if that information was included in this prospectus.**

**FORWARD-LOOKING STATEMENTS**

This prospectus includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. 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 prospectus that are not statements of historical fact may include forward-looking statements that involve a number of risks and uncertainties.

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We have used the words anticipate, intend, may, expect, believe, should, plan, estimate, project and variations of such words and expressions in this prospectus 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.

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The risks, uncertainties and assumptions involved in our forward-looking statements, many of which are discussed in more detail in our filings with the SEC, including without limitation the Risk Factors section of our Annual Report on Form 10-K for the year ended December 31, 2008, include, but are not limited to the following:

sensitivity to economic, business and market conditions in the United States and overseas, including economic instability or a downturn in the sectors served by us such as ammunition, housing, vinyls and pulp and paper and the migration by United States customers in these sectors to low-cost foreign locations;

the cyclical nature of our operating results, particularly declines in average selling prices in the chlor alkali industry and the supply/demand balance for our products, including the impact of excess industry capacity or an imbalance in demand for our chlor alkali products;

economic and industry downturns that result in diminished product demand and excess manufacturing capacity in any of our segments and that, in many cases, result in lower selling prices and profits;

costs and other expenditures in excess of those projected for environmental investigation and remediation or other legal proceedings;

changes in legislation or government regulations or policies, including proposed legislation that would phase out the use of mercury in the manufacture of chlorine, caustic soda and related products;

the effects of any declines in global equity markets on asset values and any declines in interest rates used to value the liabilities in our pension plan;

unexpected litigation outcomes;

new regulations or public policy changes regarding the transportation of hazardous chemicals and the security of chemical manufacturing facilities;

the occurrence of unexpected manufacturing interruptions and outages, including those occurring as a result of labor disruptions and production hazards;

higher-than-expected raw material and energy or transportation and/or logistics costs;

an increase in our indebtedness or higher-than-expected interest rates, affecting our ability to generate sufficient cash flow for debt service;

adverse conditions in the credit and capital markets, limiting or preventing our ability to borrow or raise capital; and

the other risks described under Risk Factors .

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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. For more information about these and other factors, see our Annual Report on Form 10-K for the year ended December 31, 2008, which has been filed with the SEC.

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**PROSPECTUS SUMMARY**

*This summary highlights information contained elsewhere in this prospectus. Because it is a summary, it may not contain all of the information that may be important to you. To understand this offering fully, you should read this entire prospectus carefully, including our financial statements and the other documents incorporated by reference into this prospectus. Unless the context otherwise indicates, references in this prospectus to we, us, our and Olin refer to Olin Corporation and its direct and indirect subsidiaries.*

**Olin Corporation**

Olin Corporation is a Virginia corporation, incorporated in 1892, having its principal executive offices in Clayton, Missouri. 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. For the year ended December 31, 2008, we had \$1.8 billion of total sales and \$157.7 million of net income. For the six months ended June 30, 2009, we had \$783.6 million of total sales and \$74.5 million of net income. Our common stock is listed and traded on The New York Stock Exchange under the symbol OLN.

On October 15, 2007, we announced we entered into a definitive agreement to sell our 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. 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. On August 31, 2007, we acquired Pioneer Companies, Inc. (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.

***Chlor Alkali Products***

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. 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. Approximately 75% of the total North American capacity is located in the U.S. Gulf Coast region. 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,



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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, excluding SunBelt (defined as gross selling price less freight and discounts), averaged approximately \$635, \$535 and \$550 per ECU in 2008, 2007 and 2006, respectively. Our ECU netbacks, excluding SunBelt, averaged approximately \$670 and \$585 for the six months ended June 30, 2009 and 2008, 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. The result was a record ECU netback in the first quarter of 2009 of approximately \$765.

Beginning late in the fourth quarter of 2008 and continuing through the second quarter of 2009, demand for caustic soda weakened significantly, and fell below the demand for chlorine. This, combined with increased caustic imports from Asia, created excess supply in North America, which caused caustic soda prices to fall. Volumes of chlorine and caustic soda decreased 31% for the six month period ended June 30, 2009 compared to the same period in 2008. The over supply of caustic soda caused industry operating rates to be constrained, which



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resulted in chlorine price increase announcements of \$300 per ton during the second quarter of 2009. Caustic soda prices declined precipitously in the second quarter of 2009 and these declines have continued into the third quarter of 2009. We expect to begin realizing the increases in chlorine prices in the third quarter of 2009 with most of the improvement expected in the fourth quarter of 2009 and into 2010. Changes in chlorine and caustic soda prices are typically recognized in Olin's financial results on a one to two quarter lag from the time of a price announcement. The combination of the decline in caustic soda prices and the continuation of weak demand will likely result in a third quarter Chlor Alkali Products segment loss.

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 third 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.

<b>Products &amp; Services</b>	<b>Major End Uses</b>	<b>Plants &amp; Facilities</b>	<b>Major Raw Materials &amp; Components for</b>
<b>Chlorine/caustic soda</b>	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	chlorine, caustic soda

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		Henderson, NV	
		McIntosh, AL	
		Niagara Falls, NY	
		Santa Fe Springs, CA	
		Tacoma, WA	
		Tracy, CA	
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	chlorine, hydrogen
		Becancour, Quebec	
		Charleston, TN	
		Henderson, NV	
		McIntosh, AL	
		Niagara Falls, NY	

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<b>Products &amp; Services</b>	<b>Major End Uses</b>	<b>Plants &amp; Facilities</b>	<b>Major Raw Materials &amp; Components for Products/Services</b>
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

**Winchester**

Winchester is in its 142nd year of operation and its 78th 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 Winchester<sup>®</sup> 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<sup>®</sup> Supreme Elite XP<sup>3</sup> 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<sup>®</sup> WinLite<sup>®</sup> Low Recoil Target Loads received the designation in the Target/Wingshooting Shotgun category, while Winchester<sup>®</sup> Supreme<sup>®</sup> Partition Gold<sup>®</sup> .460 S&W was honored in the Handgun ammunition category. Winchester<sup>®</sup> WinLite<sup>®</sup> 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.



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Winchester segment income was \$36.1 million for the six months ended June 30, 2009 compared to \$19.5 million for the six months ended June 30, 2008. Winchester segment income for the six months ended June 30, 2009, which represented the highest level of earnings in at least the last two decades, improved 85% compared to the comparable period in 2008. Winchester's results reflected the continuation of the stronger than normal demand that began in the fourth quarter of 2008 and improved pricing. Winchester's third quarter of 2009 results are expected to be comparable to the second quarter of 2009 and higher than the third quarter of 2008 segment income of \$9.8 million. The improved Winchester results from the prior year are based on continued higher volumes and lower commodity and other material costs.

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

<b>Products &amp; Services</b>	<b>Major End Uses</b>	<b>Plants &amp; Facilities</b>	<b>Major Raw Materials &amp; Components for</b>
<b>Winchester® sporting ammunition (shot-shells, small caliber centerfire &amp; rimfire ammunition)</b>	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

## **Our Strengths**

### **Leading Market Positions**

*Chlor Alkali.* We are the third largest North American chlor alkali producer, by production volume, according to CMAI. We are a leading North American merchant marketer of chlorine as many of our competitors are integrated producers of chlorine, using their chlorine to produce downstream products like polyvinyl chloride ( PVC ).

*Winchester.* Winchester® ammunition has been a brand recognized for high quality and reliability since 1866. We are one of the three largest manufacturers in the United States of commercial small caliber ammunition based on independent market research. Brand awareness studies have found that Winchester® is in the top 15 of all sporting goods brands, which includes other brands such as Nike, Coleman, Columbia, and Titleist.

**Strategically Positioned Facilities**

Our manufacturing facilities are strategically located to have access to our customers in regional end markets. Due to the physical properties of our products and the transportation costs required to ship them, it is important that we produce in regions close to our customers. Additionally, because energy constitutes our largest cost component in the manufacture of chlor alkali products, we believe our plant locations provide us with a cost advantage due to the diversity of energy sources including coal, hydroelectric, nuclear and natural gas.

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### **Diverse End Uses**

Chlorine is used as a raw material in the production of thousands of products and 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 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 is consumed in the manufacture of EDC compared to the industry average of 37%, according to CMAI. Water treatment represents approximately 19% of our sales compared to the industry average of 6% according to CMAI. We believe this diversification provides greater stability compared to other producers.

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.

### **Leading Producer of Bleach with Additional Growth Opportunities**

According to data from ICIS, the world's largest information provider for the chemical and oil industry, we are the largest North American producer of industrial bleach. We have a current capacity of 250 million gallons, or 160,000 equivalent ECUs. The production of bleach uses both chlorine and caustic soda. Netbacks (defined as gross selling price less freight and discounts) are historically more stable than ECU netbacks and bleach generally commands a \$100-\$200 per ECU price premium. Bleach is used in water treatment, which is historically less-cyclical than other end use markets. Other end uses of bleach include household cleaners, laundry bleaching, swimming pool sanitizers, semiconductors, textiles, pulp & paper and food processing. We believe that bleach is a platform for future growth in this segment of chlor alkali.

### **Favorable Industry Dynamics**

*Chlor Alkali.* Since 2000, there has been significant industry consolidation and rationalization of capacity in North America. The number of industry players has decreased from 33 competitors in 2000 to 28 competitors as of the end of 2008. This includes our acquisition of Pioneer who was the #7 chlor alkali producer in 2007. Chlorine capacity has decreased by 12%, or 2 million short tons, between 2000 and 2008. We expect further industry capacity rationalization over the next several years based on the age of a number of existing plants, changes in regional demand patterns, and the high cost of replacing capacity. According to CMAI, the top 4 producers currently represent 76% of North American capacity compared to 73% in 2000.

*Winchester.* The top three producers of small caliber ammunition represent approximately 70% to 75% of North American sales. Active U.S. military involvement in Iraq and Afghanistan and increased demand from law enforcement agencies such as the FBI and Department of Homeland Security has increased segment revenue. Winchester has long-term contracts with military and law enforcement agencies that account for 25% to 30% of total revenue. During 2009, Winchester has experienced a continuation of the above normal levels of demand from commercial customers that began around the November 2008 presidential election. The increase in demand has been across the majority of Winchester's product offerings, including rifle, pistol and rimfire ammunition. Winchester anticipates that higher than normal levels of demand will continue in the third quarter of 2009. Additionally, falling base metal prices for copper and lead reduced our raw material costs and improved margins beginning in the second quarter of 2009.

**Experienced Management Team**

Our senior management team consists of professionals with long-term experience within our company and broad talents and expertise in the industries in which we compete. Our senior team of executives consists of nine individuals who collectively have been employed by Olin for approximately 220 years. Our CEO, Joseph Rupp, has over 37 years of experience at Olin. Additionally, the division heads of our Chlor Alkali and Winchester businesses have 32 years (all with Chlor Alkali) and 40 years of experience (19 years with Winchester) with Olin, respectively.

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### **Our Strategies**

#### ***Chlor Alkali Products***

*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***

*Leverage Existing Strengths.* Winchester plans to seek new opportunities to leverage the 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.

### **Recent Developments**

We expect capital spending in the third and fourth quarters of 2009 will be approximately 50% lower than spending levels in the first and second quarters of 2009. With the completion of both the St. Gabriel, LA facility conversion and expansion project and a major maintenance project at our McIntosh, AL facility, we now anticipate our capital spending to be approximately \$130 million to \$135 million for 2009.

On July 23, 2009, we announced a quarterly dividend of \$0.20 on each share of Olin common stock, payable on September 10, 2009 to shareholders of record on August 10, 2009.

On July 31, 2009, we settled a pending litigation and, as a result will recognize pretax income of approximately \$44 million in the third quarter of 2009, for recovery of environmental costs incurred and expensed in prior periods.

**Our Address**

Our principal executive offices are located at 190 Carondelet Plaza, Suite 1530, Clayton, MO, 63105. Our telephone number is (314) 480-1400.

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**The Offering**

The following summary contains basic information about the notes. It does not contain all the information that may be important to you. For a more complete understanding of the notes, please refer to the section of this prospectus supplement entitled "Description of Notes" and to the section entitled "Description of Debt Securities" in the accompanying base prospectus.

Issuer	Olin Corporation.
Notes Offered	\$150,000,000 aggregate principal amount of 8.875% Senior Notes due 2019.
Maturity	August 15, 2019.
Interest Rate and Payment Dates	The notes will bear interest at a rate of 8.875% per year; payable semiannually on February 15 and August 15 of each year, commencing February 15, 2010.
Guarantees	None.
Ranking	<p>The notes will be general unsecured obligations of Olin Corporation. As a result, the notes will rank:</p> <p>equally in right of payment with all existing and future senior debt of Olin Corporation, including our 9.125% senior notes due 2011, our 6.500% senior notes due 2013 and our 6.750% senior notes due 2016;</p> <p>senior in right of payment to all future debt of Olin Corporation that is by its terms expressly subordinated to the notes;</p> <p>effectively subordinated to any future secured debt of Olin Corporation to the extent of the assets securing such Debt; and</p> <p>structurally junior to any debt or obligations of subsidiaries of Olin Corporation.</p>
Optional Redemption	Except as set forth below, the notes are not redeemable before August 15, 2014. Starting on that date, we may redeem the notes, in whole or in part, at the redemption prices specified in this prospectus supplement under "Description of Notes - Optional Redemption."

We may redeem the notes, in whole or in part, at any time prior to August 15, 2014, at a redemption price that is equal to the sum of (1) the amount of the notes to be redeemed, (2) accrued and unpaid interest on those notes and (3) a make whole premium as specified in this prospectus supplement under "Description of Notes - Optional Redemption."

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At any time prior to August 15, 2012, we may redeem up to 35% of the notes with the proceeds of certain equity offerings at 108.875% of the principal amount thereof plus accrued and unpaid interest on those notes.

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Certain Covenants

We will issue the notes under an indenture with The Bank of New York Mellon Trust Company, N.A., as Trustee. The indenture will, among other things, restrict our ability and the ability of our subsidiaries to:

incur additional indebtedness;

pay dividends, repurchase stock, prepay subordinated debt and make investments and other restricted payments;

create restrictions on the ability of our subsidiaries to pay dividends or make other payments;

engage in sale and leaseback transactions;

create liens;

enter into transactions with affiliates; and

sell assets or merge with or into other companies.

These covenants are subject to important exceptions that are described in the section entitled [Description of Notes](#) [Certain Covenants](#).

If, after the date of this offering, the notes receive an Investment Grade Rating (as defined under [Description of Notes](#) ) from both Moody's and S&P, the for so long as such rating from both rating agencies is maintained, certain of the covenants will cease to apply as described under [Description of Notes](#) [Certain Covenants](#).

Absence of An Established Market for the Notes

The notes are a new issue of securities, and currently there is no market for them. We do not intend to apply for the notes to be listed on any securities exchange or to arrange for any quotation system to quote them. The underwriters have advised us that they intend to make a market for the notes but they are not obligated to do so. The underwriters may discontinue any market making in the notes at any time in their sole discretion.

Change of Control

If we experience a change in control, we will be required to make an offer to repurchase the notes at a price equal to 101% of the principal amount plus accrued and unpaid interest, if any, to the date of repurchase. For more detailed information, see [Description of Notes](#) [Change of Control](#).

Use of Proceeds

The net proceeds of this offering will be available for general corporate purposes, which may include working capital, repayment of existing indebtedness, capital expenditures and acquisitions.

**Risk Factors**

Before investing in the notes, you should carefully consider the information under **Risk Factors** beginning on page S-17 of this prospectus supplement as well as all other information included in this prospectus, including the information in the documents incorporated by reference into this prospectus.

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On August 31, 2007 we acquired Pioneer, whose earnings were included in our consolidated financial results and selected financial data since the date of acquisition. The summary historical financial and other data for the six months ended June 30, 2009 and 2008 have been derived from our unaudited condensed financial statements incorporated by reference in this prospectus. The summary historical financial and other data at and for and the years ended December 31, 2006, 2007 and 2008 have been derived from our audited consolidated financial statements incorporated by reference in this prospectus. Interim results may not be indicative of full year results. The statement of operations data for the twelve months ended June 30, 2009 has been derived by adding the statement of operations data for the year ended December 31, 2008, to the statement of operations data for the six months ended June 30, 2009, and subtracting the statement of operations data for the six months ended June 30, 2008.

You should read the following summary historical financial and other data in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated and condensed financial statements and related notes incorporated by reference in this prospectus.

	Year Ended December 31,			Six Months Ended June 30,		Twelve Months
	2006	2007	2008	2008	2009	Ended June 30, 2009
	(\$ in millions)					
<b>Statement of Operations:</b>						
Sales	\$ 1,040	\$ 1,277	\$ 1,765	\$ 827	\$ 784	\$ 1,722
Cost of Goods Sold	792	1,035	1,377	660	619	1,336
Selling and Administration	129	129	137	69	76	144
Other Operating Income(1)	7	2	1	1	6	6
Earnings of Non-consolidated Affiliates	45	46	39	19	26	46
Interest Expense(2)	20	22	13	8	3	8
Interest Income	11	11	6	4	1	3
Other (Expense) Income(3)	1	1	(26)			(26)
Income from Continuing Operations before Taxes	163	151	258	114	119	263
Income Tax Provision	39	50	100	41	44	103
Income from Continuing Operations	124	101	158	73	75	160
Discontinued Operations, Net(4)	26	(110)				
Net Income (Loss)	\$ 150	\$ (9)	\$ 158	\$ 73	\$ 75	\$ 160
<b>Financial Position (at end of period):</b>						
Working Capital(5)	\$ 223	\$ (14)	\$ 24	\$ 110	\$ 141	\$ 141
Property, Plant and Equipment, Net	251	504	630	541	684	684
Total Assets	1,642	1,731	1,742	1,761	1,710	1,710
Total Debt	254	259	252	249	251	251
Shareholders' Equity	543	664	705	724	792	792
<b>Selected Financial Data:</b>						
EBITDA(6)	\$ 210	\$ 210	\$ 335	\$ 153	\$ 154	\$ 336
Capital Expenditures	62	76	180	62	88	206
Depreciation and Amortization	38	48	70	35	33	68
Ratio of Earnings to Fixed Charges(7)	5.1x	4.1x	7.3x	7.1x	6.9x	7.3x



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	Year Ended December 31,			Six Months Ended June 30,		Twelve Months
	2006	2007	2008	2008	2009	Ended June 30, 2009
	(\$ in millions, except ECU Netback)					
<b>Segment Data:</b>						
Sales:						
Chlor Alkali	\$ 666	\$ 845	\$ 1,276	\$ 600	\$ 510	\$ 1,186
Winchester	374	432	489	227	274	536
<b>Total Sales</b>	<b>\$ 1,040</b>	<b>\$ 1,277</b>	<b>\$ 1,765</b>	<b>\$ 827</b>	<b>\$ 784</b>	<b>\$ 1,722</b>
Income from Continuing Operations before Taxes:						
Chlor Alkali Products	\$ 256	\$ 237	\$ 328	\$ 138	\$ 116	\$ 306
Winchester	16	27	33	20	36	49
Corporate/Other	(108)	(105)	(71)	(41)	(37)	(67)
Other Operating Income	7	2	1	1	6	6
Interest Expense	(20)	(22)	(13)	(8)	(3)	(8)
Interest Income	11	11	6	4	1	3
Other (Expense) Income	1	1	(26)			(26)
<b>Income from Continuing Operations before Taxes(8)</b>	<b>\$ 163</b>	<b>\$ 151</b>	<b>\$ 258</b>	<b>\$ 114</b>	<b>\$ 119</b>	<b>\$ 263</b>
<b>Other Data:</b>						
Average ECU Netback(9)	\$ 550	\$ 535	\$ 635	\$ 585	\$ 670	\$ 685
Chlor Alkali Products Operating Rates(10)	91%	92%	82%	86%	67%	73%
<b>As adjusted Financial Ratios(11):</b>						
Ratio of Debt to EBITDA						1.2x
Ratio of Net Debt to EBITDA(12)						0.2x
Ratio of EBITDA to Interest						16.0x

- (1) Other Operating Income for the six months ended June 30, 2009, included a \$3.7 million gain on the sale of land and \$0.9 million of gains on the disposal of assets primarily associated with the ongoing St. Gabriel, LA facility conversion and expansion project. Other Operating Income for the year ended December 31, 2006, 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.
- (2) Interest Expense was reduced by capitalized interest of \$5.5 million and \$1.1 million for the six months ended June 30, 2009 and 2008, respectively, and \$5.0 million for the year ended December 31, 2008.
- (3) For the year ended December 31, 2008, Other (Expense) Income included an impairment charge of the full value of a \$27 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.
- (4) Discontinued Operations include the operating results of our Metals business, which was sold in November 2007, and a net loss of disposal of discontinued operations of \$139.0 million for the year ended December 31, 2007.





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- (5) Working Capital includes Receivable, Inventories, Current Deferred Taxes, Other Current Assets; less, Current Installments of Long Term Debt, Accounts Payable and Accrued Liabilities, and excludes Cash and Cash Equivalents and Short-term Investments of:

	Year Ended December 31,			Six Months Ended June 30,	
	2006	2007	2008	2008	2009
	(\$ in millions)				
Cash and Cash Equivalents	\$ 200	\$ 306	\$ 247	\$ 186	\$ 192
Short-term Investments	76	27		21	

- (6) EBITDA is Income from Continuing Operations Before Taxes, excluding Interest Expense, Interest Income, and Depreciation and Amortization expense. We believe that EBITDA provides useful information regarding our ability to service our debt. EBITDA is not a measure of operating performance computed in accordance with generally accepted accounting principles, or GAAP, and should not be considered as an alternative to Net Income (Loss), as an indicator of operating performance, as an alternative to cash flow or as a measure of liquidity or profitability. In addition, EBITDA as presented in this prospectus supplement may not be comparable to similarly titled items of other companies. A reconciliation of net income (loss), the most directly comparable U.S. GAAP measure, to EBITDA for the periods indicated is as follows:

	Year Ended December 31,			Six Months Ended		Twelve
	2006	2007	2008	June 30,	June 30,	Months
	(\$ in millions)					Ended
				June 30,	June 30,	June 30,
Net Income (Loss)	\$ 150	\$ (9)	\$ 158	2008	2009	2009
Interest Expense, Net	9	11	7			
Income Tax Provision	39	50	100			
Depreciation and Amortization	38	48	70			
Discontinued Operations, Net	(26)	110				
EBITDA	\$ 210	\$ 210	\$ 335	\$ 153	\$ 154	\$ 336

- (7) For purposes of determining the Ratio of Earnings to combined fixed charges, earnings are defined as Income from Continuing Operations before Income Taxes, less interest capitalized, less undistributed Earnings of Non-consolidated Affiliates plus fixed charges and dividends received from non-consolidated affiliates. Fixed charges consist of interest expensed and capitalized on all indebtedness and that portion of operating lease rental expense that is representative of the interest factor.
- (8) We define segment results as Income from Continuing Operations before Interest Expense, Interest Income, Other (Expense) Income, and income taxes and includes the operating results of non-consolidated affiliates. Earnings of Non-consolidated Affiliates are included in the Chlor Alkali Products segment results consistent with management's monitoring of the operating segments.
- (9) Average ECU Netback, excluding SunBelt, is the average selling price of one ECU less freight costs and discounts to customers.
- (10) Operating rates are calculated by dividing Chlor Alkali Products total production by Chlor Alkali Products total capacity.
- (11) As adjusted financial data gives effect to this offering and the use of proceeds as if they occurred on June 30, 2008 for income statement items and June 30, 2009 for balance sheet items. See Use of Proceeds. The adjustments are calculated with our additional indebtedness of \$150 million and additional cash and cash equivalents of \$144.2 million.

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- (12) For purposes of determining the Ratio of Net Debt to EBITDA, Net Debt includes Long Term Debt and the Current Installments of Long Term Debt less Cash and Cash Equivalents and Short-term Investments.

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**RISK FACTORS**

*You should carefully consider the risks described below and the other information included or incorporated by reference in this prospectus before investing in the notes. The risks described below are not the only ones facing our company. Additional risks not currently known to us or that we currently deem immaterial also may impair our business.*

**Risks Related to Our Business**

***Sensitivity to Global Economic Conditions and Cyclicalities*** *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 soda.*

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 result 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 ECUs) which became operational during 2008 was at the Shintech Inc. 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 Chemical has announced the permanent closure in 2009 of its 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

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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.

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***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.

During the second quarter of 2009, a bill was introduced in the United States House of Representatives which, if enacted, would ban the production of chlor alkali products using mercury cell technology two years from the date it is enacted into law. A companion bill was introduced in the United States Senate in July 2009. Olin currently operates two facilities which utilize mercury cell technology totaling approximately 350,000 ECUs of capacity (approximately 18% of our capacity). We are closely monitoring the progress of these bills, but it is too soon to estimate the likelihood of enactment and, therefore, to determine what impact there will be on Olin and the chlor alkali industry. Olin operates its mercury cell facilities in full compliance with all environmental rules and regulations.

***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 plan's 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's 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 facility.

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

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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

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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.

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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

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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.

***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.

### **Risks Related to Our Indebtedness and the Notes**

***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 June 30, 2009, we had \$251.4 million of indebtedness outstanding, including \$8.7 million representing the fair value related to \$101.6 million of interest rate swaps in effect at June 30, 2009 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 \$218.5 million available on that date because we had issued \$21.5 million of letters of credit nor our existing receivables facility of which we had \$75.0 million available on that date. As of June 30, 2009, our indebtedness represented 24.1% of our total capitalization. At June 30, 2009, none of our indebtedness was due within one year. The issuance of the notes will add \$150 million of additional long term indebtedness to our balance sheet.

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. Although the indenture governing the notes will contain restrictions on the incurrence of additional debt, these restrictions are subject to a number of qualifications and exceptions and, under certain circumstances, debt incurred in compliance with these restrictions could be substantial. If we borrow more money, the risks related to our indebtedness could increase significantly.

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***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.

***Credit Facilities*** Continuing weak industry conditions could affect our ability to comply with the financial maintenance covenants in our senior revolving credit facility and our accounts receivable facility.

Our senior revolving credit facility and our accounts receivable facility include certain financial maintenance covenants requiring us to not exceed a maximum leverage ratio and to maintain a minimum coverage ratio. See Description of Other Indebtedness Senior Revolving Credit Facility and Accounts Receivable Facility. Depending on the magnitude and duration of chlor alkali cyclical downturns, including deterioration in prices and volumes, there can be no assurance that we will continue to be in compliance with these ratios. If we failed to comply with either of these covenants in a future period and were not able to obtain waivers from the lenders thereunder, we would need to refinance our current senior revolving credit facility and accounts receivable facility. However, there can be no assurance that such refinancing would be available to us on terms that would be acceptable to us or at all.

***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.

***An active trading market for the notes may not develop or, if developed, be maintained.***

We do not intend to list the notes on any securities exchange. The underwriters have advised us that they intend to make a market in the notes, but the underwriters are under no obligation to do so and may discontinue any such activities at any time. We cannot assure you that an active trading market will develop or be maintained for the notes. If an active trading market does develop for the notes, the notes may trade at a discount from their initial offering price depending on prevailing interest rates, the market for similar securities, our financial performance and other factors. In addition, there may be a limited number of buyers when you decide to sell your notes. This may affect the price, if any, offered for your notes or your ability to sell your notes when desired or at all.

*Payment of principal and interest on the notes will be effectively subordinated to any future secured debt we may incur to the extent of the value of the assets securing such debt.*

The notes will be effectively subordinated to claims of our secured creditors to the extent of the value of the assets securing such claims. The indenture governing the notes will permit us to incur secured debt subject to

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certain conditions. Holders of our future secured obligations, if any, will have claims that are prior to claims of the holders of the notes with respect to the assets securing those obligations. In the event of a liquidation, dissolution, reorganization, bankruptcy or any similar proceeding, the assets of Olin Corporation will be available to pay obligations on the notes only after holders of our senior secured debt, if any, have been paid the value of the assets securing such obligations. Accordingly, there may not be sufficient funds remaining to pay amounts due on all or any of the notes.

***Our debt instruments impose operating and financial restrictions on us, which could limit our financial and operating flexibility***

Our current indebtedness and the indenture that will govern the notes impose, and the terms of any future debt may impose, operating and other restrictions on us and many of our subsidiaries. See Description of other Indebtedness and Description of Notes. These restrictions will affect, and in many respects will limit or prohibit, our ability and our subsidiaries' abilities to:

incur or guarantee additional indebtedness;

pay dividends, repurchase stock, prepay subordinated debt and make investments and other restricted payments;

create restrictions on the ability of our subsidiaries to pay dividends or make other payments;

engage in sale and leaseback transactions;

create liens;

enter into transactions with affiliates;

sell or merge with or into other companies and

transfer or sell assets.

These restrictions could limit our ability to plan for or react to market conditions or meet capital needs or otherwise restrict our activities or business plans. In addition, these restrictions could adversely affect our ability to finance ongoing operations, strategic acquisitions, investments or other capital needs or to engage in other business activities that would be in our interest.

***The notes will be structurally subordinated to all liabilities of our subsidiaries.***

The notes are not entitled to the benefit of any guarantees of our subsidiaries on the Issue Date and are thus structurally subordinated to indebtedness and other liabilities of our subsidiaries. We conduct most of our Chlor Alkali Products business and all of our Winchester business

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at Olin Corporation and through our SunBelt joint venture. However, the Pioneer business, acquired in 2007, is operated through subsidiaries. Although, the indenture governing the notes offered hereby will restrict the ability of our subsidiaries to incur indebtedness, our subsidiaries may issue certain indebtedness and the indenture would not in any case limit the amount of liabilities other than indebtedness that may be incurred by our subsidiaries. In the event of a bankruptcy, liquidation or reorganization of any of our subsidiaries, holders of their indebtedness and their trade creditors and holders of the claims will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to us.

### ***We may not be able to purchase your notes upon a Change of Control.***

Upon the occurrence of a Change of Control (as defined in the section entitled "Description of Notes"), we will be required to offer to purchase each holder's notes at a price equal to 101% of the principal amount plus accrued and unpaid interest, if any, to the date of repurchase. We may not have sufficient financial resources to purchase all of the notes that holders tender to us upon a Change of Control. The occurrence of a Change of Control could also constitute an event of default under any of our future debt agreements. See "Description of Notes - Change of Control" in this prospectus supplement.



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Our senior revolving credit facility, our 9.125% Senior Notes due 2011 and our 6.750% Senior Notes due 2016 also contain change of control requirements. We may not have sufficient financial resources to purchase all of the notes that are tendered upon a Change of Control or to redeem such notes. See Description of Notes Change of Control in this prospectus supplement.

***If the notes are rated investment grade at any time by both Moody's and Standard & Poors, most of the restrictive covenants and corresponding events of default contained in the indenture governing the notes will be suspended.***

If, at any time, the credit rating on the notes, as determined by both Moody's Investors Service and Standard & Poors Ratings Services, equals or exceeds Baa3 and BBB-, respectively, or any equivalent replacement ratings, we will no longer be subject to most of the restrictive covenants and corresponding events of default contained in the indenture. Any restrictive covenants or corresponding events of default that cease to apply to us as a result of achieving these ratings will be restored if one or both of the credit ratings on the notes later falls below these thresholds. However, during any period in which these restrictive covenants are suspended, we may incur other indebtedness, make restricted payments and take other actions that would have been prohibited if these covenants had been in effect. If the restrictive covenants are later restored, the actions taken while the covenants were suspended will not result in an event of default under the indenture even if they would constitute an event of default at the time the covenants are restored. Accordingly, if these covenants and corresponding events of default are suspended, holders of the notes will have less credit protection than at the time the notes are issued.

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

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

the original issue price for the notes; and

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

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

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**USE OF PROCEEDS**

We estimate that the net proceeds of this offering will be approximately \$144.2 million, after deducting the underwriting discount and estimated offering expenses. The net proceeds of this offering will be available for general corporate purposes, which may include working capital, repayment of existing indebtedness, capital expenditures and acquisitions.

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**Table of Contents****CAPITALIZATION**

The following table sets forth our cash and cash equivalents, long-term debt and capitalization as of June 30, 2009

on an actual basis and

as adjusted to give effect to the issuance of the notes and the net proceeds therefrom.

The information set forth below should be read in conjunction with "Use of Proceeds" included elsewhere in this prospectus supplement and our consolidated financial statements and related notes incorporated by reference in this prospectus supplement.

	<b>June 30, 2009</b>	
	<b>Actual</b>	<b>As Adjusted</b>
	<b>(in millions)</b>	
Cash and Cash Equivalents	\$ 192.2	\$ 336.4
Accounts Receivable Facility(1)	\$	\$
Senior Revolving Credit Facility(2)		
9.125% Senior Notes due 2011(3)	81.8	81.8
6.500% Senior Notes due 2013	11.4	11.4
6.750% Senior Notes due 2016	125.0	125.0
New Senior Notes due 2019 offered hereby		150.0
Industrial Development and Environmental Improvement Obligations at fixed interest rates of 6.625% and 6.75%, due 2014-2025(4)	33.2	33.2
<b>Total Debt(5)</b>	<b>251.4</b>	<b>401.4</b>
Shareholders' Equity	792.2	792.2
<b>Total Capitalization</b>	<b>\$ 1,043.6</b>	<b>\$ 1,193.6</b>

- (1) Provides for up to \$75 million to finance eligible trade receivables. As of June 30, 2009, we had \$75 million available under the Accounts Receivable Facility based on eligible trade receivables. See "Description of Other Indebtedness - Accounts Receivable Facility."
- (2) Provides for borrowings and letters of credit in an aggregate amount of \$240 million. As of June 30, 2009, we had approximately \$218.5 million available under the senior revolving credit facility, reflecting \$21.5 million of letters of credit that have been issued thereunder. See "Description of Other Indebtedness - Senior Revolving Credit Facility."
- (3) Includes impact of interest rate swaps of \$6.8 million.
- (4) Includes impact of interest rate swaps of \$1.9 million.

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- (5) Excludes our guarantee of \$54.8 million of SunBelt Notes at June 30, 2009. See Description of Other Indebtedness SunBelt Notes Guarantee.

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**DESCRIPTION OF OTHER INDEBTEDNESS**

The following summary of certain provisions of the instruments evidencing our material indebtedness does not purport to be complete and is subject to, and qualified in its entirety by reference to, all of the provisions of the agreements summarized below. We, Pioneer or PolyOne, as the case may be, have previously filed with the SEC copies of the agreements summarized below (except for those agreements described under Letter of Credit Facility for St. Gabriel Expansion and Interest Rate Swaps and any agreements related to the Pierce County Bonds (as defined below)). See Where You Can Find More Information. You should refer to those documents for the complete terms evidencing our material indebtedness.

As of June 30, 2008 and 2009, and December 31, 2006, 2007 and 2008, we were in compliance with all covenants and other restrictions under all of our outstanding credit agreements and no event of default has occurred that would permit the lenders under our outstanding credit agreements to accelerate the debt if not cured.

***Senior Revolving Credit Facility***

On October 29, 2007, we entered into a new five-year senior revolving credit facility of \$220 million (the Senior Revolving Credit Facility), with a \$110 million letter of credit sub facility. The letters of credit under the subfacility are used to support certain long-term debt, capital expenditure commitments, certain workers compensation insurance policies, and plant closure and post-closure obligations. During the first quarter of 2008, we increased the size of this facility by \$20 million to \$240 million by adding a new lending institution. As of June 30, 2009, we had approximately \$218.5 million available under this facility, reflecting \$21.5 million of letters of credit that have been issued thereunder. The Senior Revolving Credit Facility will expire in October 2012. We have the option to expand this facility by an additional \$60 million by adding a maximum of two additional lending institutions each year.

Our obligations under the Senior Revolving Credit Facility are unsecured and are not guaranteed by any of our subsidiaries. We guarantee the payment obligations of PCI Chemicals Canada Company / Société PCI Chimie Canada, the Canadian borrower, under the Senior Revolving Credit Facility.

The Senior Revolving Credit Facility includes various customary restrictive covenants, including a covenant requiring us to not have a ratio of debt to earnings before interest expense, taxes, depreciation and amortization (leverage ratio) that exceeds 4x and a covenant requiring us to maintain a minimum ratio of earnings before interest expense, taxes, depreciation and amortization to interest expense (coverage ratio) of at least 4x.

***Letters of Credit***

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.

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As of June 30, 2009, we had total letters of credit of \$53.2 million outstanding, of which \$21.5 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.

### *9.125% Notes due 2011*

On December 11, 2001, we issued \$200 million aggregate principal amount of 9.125% senior notes due 2011 (the 2011 Notes ). The 2011 Notes bear interest at a rate of 9.125% per year, payable semi-annually on June 15 and December 15 of each year, and will mature on December 15, 2011. The 2011 Notes are unsecured obligations and rank equally with our other senior indebtedness. The 2011 Notes are structurally subordinated to the debt and other liabilities of our subsidiaries.

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We may, at any time and from time to time, redeem the 2011 Notes at a redemption price equal to the greater of (i) 100% of the principal amount thereof and (ii) the present value of the Remaining Scheduled Payments (as defined in the indenture controlling the 2011 Notes) being redeemed on the applicable redemption date, discounted to the applicable redemption date on a semi-annual basis (assuming a 360-day year consisting of 12 30-day months) at the Treasury Rate (as defined in the indenture controlling the 2011 Notes) plus 50 basis points, plus, in each case, accrued and unpaid interest to the applicable redemption date.

***6.75% Notes due 2016***

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 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 approximately \$125 million aggregate principal amount of 6.75% senior notes due 2016 (the 2016 Notes ) and paid a premium of \$18.8 million to the existing note holders in exchange for \$125.0 million aggregate principal amount of 2011 Notes. The 2016 Notes bear interest at a rate of 6.75% per year, payable semi-annually on June 15 and December 15 of each year, and will mature on June 15, 2016. The 2016 Notes are unsecured obligations and rank equally with our other senior indebtedness. The 2016 Notes are structurally subordinated to the debt and other liabilities of our subsidiaries.

We may, at any time and from time to time, redeem the 2016 Notes at a redemption price equal to the greater of (i) 100% of the principal amount thereof and (ii) the present value of the Remaining Scheduled Payments (as defined in the indenture controlling the 2016 Notes) being redeemed on the applicable redemption date, discounted to the applicable redemption date on a semi-annual basis (assuming a 360-day year consisting of 12 30-day months) at the Treasury Rate (as defined in the indenture controlling the 2016 Notes) plus 30 basis points, plus, in each case, accrued and unpaid interest to the applicable redemption date. If we undergo a Change in Control Repurchase Event (as defined in the indenture controlling the 2016 Notes), we will be required to offer to purchase all of the 2016 Notes from the holders.

***Accounts Receivable Facility***

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 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 June 30, 2009, we had \$75 million available under the Accounts Receivable Facility based on eligible trade receivables. As of June 30, 2009, we had no securitized accounts receivable or the corresponding debt on the consolidated balance sheet. On July 21, 2009, we renewed our Accounts Receivable Facility for \$75 million. The Accounts Receivable Facility contains specific covenants related to the ability of the lender to obtain or maintain a first priority lien on the receivables. In addition, the Accounts Receivable Facility incorporates the leverage and coverage covenants that are contained in our senior revolving credit facility. Interest expense under this facility was zero for the six months ended June 30, 2009 and the year ended December 31, 2008 and \$1.0 million for the year ended December 31, 2007.

***Interest Rate Swaps***

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As a result of our fixed-rate financings, we have entered into floating interest rate swaps in order to manage interest expense and floating interest rate exposure. We have entered into swaps valued at \$26.6 million, whereby we agree to pay variable rates to a counterparty who, in turn, pays us fixed rates. The counterparty to these

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agreements is Citibank, N.A., a major financial institution. 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.

In 2001 and 2002, we entered into interest rate swaps on \$75 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. 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. We have agreed to pay a fixed rate to a counterparty who, in turn, pays us variable rates. The counterparty to this agreement is Bank of America, a major financial institution. The result was a gain of \$7.9 million on the \$75 million variable interest rate swaps, which will be recognized through 2011.

The following table reflects the swap activity related to certain debt obligations as of June 30, 2009:

Underlying Debt Instrument	Swap Amount (\$ in million)	Date of Swap	June 30, 2009
			Olin Pays Floating Rate:
9.125%, due 2011	\$ 50.0	December 2001	4.68%
9.125%, due 2011	\$ 25.0	March 2002	4-5%(a)
Industrial development and environmental improvement obligations at fixed interest rates of 6.625% to 6.75%, due 2016-2017	\$ 21.1	March 2002	2.01%
	5.5	March 2002	2.15%
			Olin Receives Floating Rate:
9.125%, due 2011	\$ 75.0	January 2009	8.11%

(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 \$2.6 million and \$0.9 million for the six months ended June 30, 2009 and 2008, respectively, and \$2.5 million, \$0.6 million, and \$1.3 million for the years ended December 31, 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 June 30, 2009 would result in a gain of \$8.3 million. Our loss in the event of nonperformance by the counterparties, Citibank, N.A. and Bank of America, could be significant to our financial position or results of operations.

**SunBelt Notes Guarantee**

Pursuant to a note purchase agreement dated December 22, 1997, SunBelt sold \$97.5 million of Guaranteed Senior Secured Notes Due 2017, Series O (the "Series O Notes"), and \$97.5 million of Guaranteed Senior Secured Notes Due 2017, Series G (the "Series G Notes"), and together with the Series O Notes, the "SunBelt Notes"). The SunBelt Notes bear interest at a rate of 7.23% per annum, payable semiannually in arrears on June 22 and December 22 of each year.

We have guaranteed the Series O Notes and PolyOne has guaranteed the Series G Notes, in each case pursuant to a customary guarantee agreement. 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

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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.

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**DESCRIPTION OF NOTES**

Olin Corporation (the *Company*) will issue the Notes under an indenture, dated as of the closing date of this offering (the *Base Indenture*), as supplemented by a supplemental indenture (the *Supplemental Indenture* and, together with the Base Indenture, the *Indenture*), among itself and The Bank of New York Mellon Trust Company, N.A., as Trustee (the *Trustee*). The terms of the Notes include those expressly set forth in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (the *Trust Indenture Act*).

This description of Notes is intended to be a useful overview of the material provisions of the Notes and the Indenture. Since this description of Notes is only a summary, you should refer to the Indenture for a complete description of the obligations of the Company and your rights. A copy of the Indenture is available upon request from the Company.

The definitions of certain capitalized terms used in the following summary are set forth below under *Certain Definitions*. When used in this section, the terms *Olin*, *the Company*, *we*, *our* and *us* refer solely to Olin Corporation and not to its consolidated subsidiaries.

**General**

The initial offering of the Notes will be for \$150,000,000 in aggregate principal amount of 8.875% senior notes due 2019 (the *Notes*). We may issue an unlimited principal amount of additional notes having identical terms and conditions as the Notes (the *Additional Notes*). We will only be permitted to issue such Additional Notes in compliance with the covenant described under the subheading *Certain Covenants Limitation on Incurrence of Debt*. Any Additional Notes will be part of the same issue as the Notes that we are currently offering and will vote on all matters with the holders of the Notes. The Notes (and any Additional Notes) will constitute a series of debt securities under the Base Indenture. We may issue other series of debt securities under the Base Indenture.

**Principal, Maturity and Interest**

Interest on the Notes will be payable at 8.875% per annum. Interest on the Notes will be payable semi-annually in cash in arrears on February 15 and August 15, commencing on February 15, 2010. The Company will make each interest payment to the Holders of record of the Notes on the immediately preceding February 1 and August 1. Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from and including the Issue Date. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Principal of and premium, if any, and interest on the Notes will be payable, and the Notes will be exchangeable and transferable, at the office or agency of the Company maintained for such purposes, which, initially, will be the corporate trust office of the Trustee located at 2 North LaSalle Street, Suite 1020, Chicago, IL 60602, Attention: Global Corporate Trust; *provided, however*, that payment of interest may be made at the option of the Company by check mailed to the Person entitled thereto as shown on the security register. The Notes will be issued only in fully registered form without coupons, in denominations of \$2,000 and any integral multiple of \$1,000 in excess thereof. No service charge will be made for any registration of transfer, exchange or redemption of Notes, except in certain circumstances for any tax or other governmental charge that may be imposed in connection therewith.

**Ranking**

*Ranking of the Notes*

The Notes will be general unsecured obligations of the Company. As a result, the Notes will rank:

equally in right of payment with all existing and future senior Debt of the Company;

senior in right of payment to all existing and future Debt of the Company that is by its terms expressly subordinated to the Notes;

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effectively subordinated to any secured Debt of the Company to the extent of the assets securing such Debt; and

structurally junior to any Debt or obligations of our Subsidiaries.

As of June 30, 2009, after giving effect to this offering and the related transactions, the Company and its Subsidiaries would have had total debt of approximately \$401.4 million. In addition, as of June 30, 2009, the Company and its Subsidiaries would have had approximately \$218.5 million of availability under our senior revolving credit facility and \$75.0 million of availability under our accounts receivables facility.

On the Issue Date, the Notes will not be guaranteed by any Subsidiary of the Company. The Notes will be structurally subordinated to all liabilities and obligations of our Subsidiaries. Claims of creditors of our Subsidiaries, including trade creditors, secured creditors and creditors holding debt and guarantees issued by those Subsidiaries, and claims of preferred stockholders (if any) of those Subsidiaries generally will have priority with respect to the assets and earnings of those subsidiaries over the claims of creditors of the Company, including Holders of the Notes. We conduct most of our Chlor Alkali Products business and all of our Winchester business at Olin Corporation and through our SunBelt joint venture. However, the Pioneer business, acquired in 2007, is operated through subsidiaries.

On the Issue Date, all of our Subsidiaries will be Restricted Subsidiaries. However, under the circumstances described below under the subheading Certain Covenants Limitation on Creation of Unrestricted Subsidiaries, any of our Subsidiaries may be designated as Unrestricted Subsidiaries. Unrestricted Subsidiaries will not be subject to the restrictive covenants in the Indenture.

**Sinking Fund**

There are no mandatory sinking fund payment obligations with respect to the Notes.

**Optional Redemption**

The Notes are subject to redemption, at the option of the Company, in whole or in part, at any time on or after August 15, 2014 upon not less than 30 nor more than 60 days notice at the following Redemption Prices (expressed as percentages of the principal amount to be redeemed) set forth below, plus accrued and unpaid interest, if any, to, but not including, the redemption date (subject to the right of Holders of record on the relevant regular record date to receive interest due on an interest payment date that is on or prior to the redemption date), if redeemed during the 12-month period beginning on August 15 of the years indicated below:

Year	Redemption Price
2014	104.438%
2015	102.958%
2016	101.479%
2017 and thereafter	100.000%

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In addition to the optional redemption provisions of the Notes in accordance with the provisions of the preceding paragraph, prior to August 15, 2012, the Company may, with the net proceeds of one or more Qualified Equity Offerings, redeem up to 35% of the aggregate principal amount of the outstanding Notes (including Additional Notes) at a Redemption Price equal to 108.875% of the principal amount thereof, plus accrued and unpaid interest thereon, if any, to the date of redemption; *provided, however* that at least 65% of the principal amount of Notes then outstanding (including Additional Notes) remains outstanding immediately after the occurrence of any such redemption (excluding Notes held by the Company or its Subsidiaries) and that any such redemption occurs within 90 days following the closing of any such Qualified Equity Offering.

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In addition, the Notes may be redeemed, in whole or in part, at any time prior to August 15, 2014 at the option of the Company upon not less than 30 nor more than 60 days prior notice mailed by first-class mail to each Holder of Notes at its registered address, at a redemption price equal to 100% of the principal amount of the Notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest to, the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

If less than all of the Notes are to be redeemed, the Trustee will select the Notes or portions thereof to be redeemed by lot, pro rata or by any other method the Trustee shall deem fair and appropriate (subject to the Depository Trust Company procedures).

No Notes of \$2,000 or less shall be redeemed in part. Notices of redemption shall be mailed by first class mail (and, to the extent permitted by applicable procedures or regulations, electronically) at least 30 days before the redemption date to each Holder of Notes to be redeemed at its registered address. If any Note is to be redeemed in part only, the notice of redemption that relates to that Note shall state the portion of the principal amount thereof to be redeemed. A new Note in principal amount equal to the unredeemed portion of the original Note will be issued in the name of the Holder thereof upon cancellation of the original Note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of them called for redemption.

The Company may at any time, and from time to time, purchase Notes in the open market or otherwise, subject to compliance with applicable securities laws.

## **Change of Control**

Upon the occurrence of a Change of Control, unless the Company has exercised its right to redeem all of the Notes as described under Optional Redemption, the Company will make an Offer to Purchase all of the outstanding Notes at a Purchase Price in cash equal to 101% of the principal amount tendered, together with accrued interest, if any, to but not including the Purchase Date. For purposes of the foregoing, an Offer to Purchase shall be deemed to have been made if (i) within 60 days following the date of the consummation of a transaction or series of transactions that constitutes a Change of Control, the Company commences an Offer to Purchase for all outstanding Notes at the Purchase Price and (ii) all Notes properly tendered pursuant to the Offer to Purchase are purchased on the terms of such Offer to Purchase.

The phrase "all or substantially all," as used in the definition of "Change of Control," has not been interpreted under New York law (which is the governing law of the Indenture) to represent a specific quantitative test. As a consequence, in the event the Holders of the Notes elected to exercise their rights under the Indenture and the Company elects to contest such election, there could be no assurance how a court interpreting New York law would interpret such phrase. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder of Notes may require the Company to make an Offer to Purchase the Notes as described above.

The provisions of the Indenture may not afford Holders protection in the event of a highly leveraged transaction, reorganization, restructuring, merger or similar transaction affecting the Company that may adversely affect Holders, if such transaction is not the type of transaction included within the definition of Change of Control. A transaction involving the management of the Company or its Affiliates, or a transaction involving a recapitalization of the Company, will result in a Change of Control only if it is the type of transaction specified in such definition. The definition of Change of Control may be amended or modified with the written consent of a majority in aggregate principal amount of outstanding Notes. See Amendment, Supplement and Waiver.



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The Company will be required to comply with the requirements of Rule 14e-1 under the Exchange Act and any other applicable securities laws or regulations in connection with any repurchase of the Notes as described

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above. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the Indenture, the Company will comply with the applicable securities laws and regulations and will be deemed to have complied with its obligations under the Change of Control provisions of the Indenture by virtue of such compliance.

The Company will not be required to make an Offer to Purchase upon a Change of Control if (i) a third party makes such Offer to Purchase contemporaneously with or upon a Change of Control in the manner, at the times and otherwise in compliance with the requirements of the Indenture and purchases all Notes validly tendered and not withdrawn under such Offer to Purchase or (ii) a notice of redemption has been given pursuant to the Indenture as described above under the caption **Optional Redemption**.

The Company's ability to pay cash to the Holders of Notes upon a Change of Control may be limited by the Company's then existing financial resources. Further, future agreements of the Company may contain prohibitions of certain events, including events that would constitute a Change of Control. If the exercise by the Holders of Notes of their right to require the Company to repurchase the Notes upon a Change of Control occurred at the same time as a change of control event under one or more of either of the Company's other debt agreements, the Company's ability to pay cash to the Holders of Notes upon a repurchase may be further limited by the Company's then existing financial resources. See **Risk Factors** **We may not be able to purchase your Notes upon a Change of Control**.

Even if sufficient funds were otherwise available, the terms of Credit Facilities (and other Debt) may prohibit the Company's prepayment of Notes before their scheduled maturity. Consequently, if the Company is not able to prepay the Credit Facilities or other Debt containing such restrictions or obtain requisite consents, the Company will be unable to fulfill its repurchase obligations, resulting in a default under the Indenture.

Holders may not be entitled to require the Company to purchase their Notes in certain circumstances involving a significant change in the composition of the Board of Directors of the Company, including in connection with a proxy contest where the Board of Directors of the Company does not approve a dissident slate of directors but approves them as continuing directors, even if the Board of Directors of the Company initially opposed the directors.

In addition, an Offer to Purchase may be made in advance of a Change of Control, conditional upon such Change of Control, if a definitive agreement is in place for the Change of Control at the time of launching the Offer to Purchase.

## **Certain Covenants**

Set forth below are summaries of certain covenants contained in the Indenture. These covenants, and not the covenants described in the accompanying base prospectus will be applicable to the Notes.

During any period of time (a *Suspension Period*) that: (i) the Notes have Investment Grade Ratings from both Rating Agencies and (ii) no Default has occurred and is continuing under the Indenture (the occurrence of the events described in the foregoing clauses (i) and (ii) being collectively referred to as a *Covenant Suspension Event*), the Company and its Restricted Subsidiaries will not be subject to the following provisions of the Indenture, and during a Suspension Period, the Board of Directors of the Company may not designate any of its Subsidiaries as Unrestricted Subsidiaries unless the Board of Directors of the Company could have designated such Subsidiaries as Unrestricted Subsidiaries in compliance with the Indenture assuming the covenants set forth below had not been suspended:

- (a) Certain Covenants Limitation on Restricted Payments;
- (b) Certain Covenants Limitation on Incurrence of Debt;
- (c) Certain Covenants Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries;

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(d) clause (iii) of the first paragraph of Certain Covenants Consolidation, Merger, Transfer or Lease;

(e) Certain Covenants Limitation on Transactions with Affiliates;

(f) Certain Covenants Limitation on Asset Sales; and

(g) Certain Covenants Note Guarantees;

(collectively, the *Suspended Covenants* ). Upon the occurrence of a Covenant Suspension Event, (i) any outstanding Note Guarantee of a Subsidiary will automatically terminate unless at such time such Subsidiary would continue to Guarantee any other unsecured Debt of the Company (in which event such termination will be deferred until such time, if any, as such Subsidiary no longer has outstanding any Guarantee of any other unsecured Debt of the Company; provided that the applicable Suspension Period is still continuing) and (ii) the amount of Excess Proceeds shall be set at zero.

In the event that the Company and its Restricted Subsidiaries are not subject to the Suspended Covenants with respect to the Notes for any Suspension Period and, subsequently, (x) either one or both Rating Agencies withdraws its rating or downgrades the rating assigned to the Notes below the required Investment Grade Rating or (y) the Company or any of its affiliates enters into an agreement to effect a transaction that would result in a Change of Control and either one or both Rating Agencies indicate that if consummated, such transaction (alone or together with any related recapitalization or refinancing transactions) would cause such Rating Agency to withdraw its Investment Grade Rating or downgrade the ratings assigned to the Notes below an Investment Grade Rating (such date of withdrawal or downgrade in clause (x) or (y), a *Reinstatement Date* ), then the Company and its Restricted Subsidiaries will after the Reinstatement Date again be subject to the Suspended Covenants with respect to future events for the benefit of the Notes.

On the Reinstatement Date, all Indebtedness incurred, or Redeemable Capital Interests or Preferred Interests issued, during a Suspension Period will be subject to the covenants described below under the caption Limitation on Incurrence of Debt and Note Guarantees. To the extent such Indebtedness, Redeemable Capital Interests or Preferred Interests would not be so permitted to be incurred or issued pursuant to the covenant described below under the caption Limitation on Incurrence of Debt such Indebtedness, Redeemable Capital Interests and Preferred Interests will be deemed to have been outstanding on the Issue Date of the Notes, so that it is classified as permitted under clause (iv) of the definition of Permitted Debt. To the extent Debt or Guarantees were incurred prior to or during a Suspension Period, the Company shall on the Reinstatement Date comply with the covenant described under Note Guarantees.

Calculations made after the Reinstatement Date of the amount available to be made as Restricted Payments under the covenant described below under the caption Limitation on Restricted Payments will be made as though such covenant had been in effect from the Issue Date and throughout the Suspension Period. Accordingly, Restricted Payments made during the Suspension Period will reduce the amount available to be made as Restricted Payments under the first paragraph of the covenant described below under the caption Restricted Payments to the extent provided therein.

Notwithstanding that the Suspended Covenants may be reinstated, no Default or Event of Default will be deemed to have occurred as a result of a failure to comply with the Suspended Covenants during a Suspension Period (or on the Reinstatement Date or after a Suspension Period based solely on events that occurred during the Suspension Period).

There can be no assurance that the Notes will ever achieve or maintain an Investment Grade Rating.

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***Limitation on Incurrence of Debt***

The Company will not, and will not permit any of its Restricted Subsidiaries to, Incur any Debt (including Acquired Debt); *provided, however*, that the Company and any of the Guarantors may Incur Debt (including Acquired Debt) if, immediately after giving effect to the Incurrence of such Debt and the receipt and application of the proceeds therefrom, (a) the Consolidated Fixed Charge Coverage Ratio of the Company and its Restricted Subsidiaries would be greater than 2.00 to 1.00 and (b) no Default shall have occurred and be continuing at the time or as a consequence of the Incurrence of such Debt (any Debt Incurred pursuant to this provision being herein referred to as *Coverage Debt* ).

Notwithstanding the first paragraph above, the Company and its Restricted Subsidiaries may Incur Permitted Debt.

For purposes of determining any particular amount of Debt under this *Limitation on Incurrence of Debt* covenant, (x) Debt outstanding under the Credit Agreement on the Issue Date shall at all times be treated as Incurred pursuant to clause (i) of the definition of *Permitted Debt*, (y) Debt outstanding under the Company's existing accounts receivables facility on the Issue Date shall at all times be treated as Incurred pursuant to clause (xv) of the definition of *Permitted Debt* and (z) Guarantees or obligations with respect to letters of credit supporting Debt otherwise included in the determination of such particular amount shall not be included. For purposes of determining compliance with this *Limitation on Incurrence of Debt* covenant, in the event that an item of Debt meets the criteria of more than one of the types of Debt described above, including any *Coverage Debt* and any category of *Permitted Debt*, the Company, in its sole discretion, shall classify, and from time to time may reclassify, all or any portion of such item of Debt. For purposes of determining compliance of any non-U.S. dollar-denominated Debt with this covenant, the amount outstanding under U.S. dollar-equivalent principal amount of Indebtedness denominated in a foreign currency shall at all times be calculated based on the relevant currency exchange rate in effect on the date such Debt was Incurred, in the case of any term Debt, or first committed, in the cases of any revolving credit Debt; *provided, however*, that if such Debt is Incurred to Refinance other Debt denominated in the same or different currency, and such Refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such Refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such Refinancing Debt does not exceed the principal amount of such indebtedness being Refinanced.

The accrual of interest, the accretion or amortization of original issue discount and the payment of interest on Debt in the form of additional Debt or payment of dividends on Capital Interests in the forms of additional shares of Capital Interests with the same terms will not be deemed to be an Incurrence of Debt or issuance of Capital Interests for purposes of this covenant.

The Company and any Guarantor will not Incur any Debt that pursuant to its terms is subordinate or junior in right of payment to any Debt unless such Debt is subordinated in right of payment to the Notes and the Note Guarantees, as the case may be, to at least the same extent; *provided, however*, that Debt will not be considered subordinate or junior in right of payment to any other Debt solely by virtue of being unsecured or secured to a greater or lesser extent or with greater or lower priority or by virtue of structural subordination.

***Limitation on Restricted Payments***

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, make any Restricted Payment unless, at the time of and after giving effect to the proposed Restricted Payment:

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

(b) after giving effect to such Restricted Payment on a pro forma basis, the Company would be permitted to Incur at least \$1.00 of Coverage Debt under the Limitation on Incurrence of Debt covenant; and

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(c) after giving effect to such Restricted Payment on a pro forma basis, the aggregate amount expended or declared for all Restricted Payments made on or after the Issue Date (excluding Restricted Payments permitted by clauses (ii) through (vii) of the next succeeding paragraph), shall not exceed the sum (without duplication) of

(1) 50% of the Consolidated Net Income (or, if Consolidated Net Income shall be a deficit, minus 100% of such deficit) of the Company accrued on a cumulative basis during the period (taken as one accounting period) from the beginning of the first full fiscal quarter during which the Issue Date occurs and ending on the last day of the fiscal quarter immediately preceding the date of such proposed Restricted Payment, *plus*

(2) 100% of the aggregate net proceeds (including the Fair Market Value of property other than cash) received by the Company subsequent to the initial issuance of the Notes either (i) as a contribution to its common equity capital or (ii) from the issuance and sale (other than to a Subsidiary) of its Qualified Capital Interests, including Qualified Capital Interests issued upon the conversion of Debt, Redeemable Capital Interests or Preferred Interests of the Company, and from the exercise of options, warrants or other rights to purchase such Qualified Capital Interests (other than, in each case, Capital Interests or Debt sold to a Subsidiary of the Company and other than Excluded Contributions), *plus*

(3) to the extent that any Investment (other than Permitted Investments or Investments in Unrestricted Subsidiaries) that was made on and after the Issue Date is sold for cash or otherwise disposed of, liquidated, redeemed, repurchased or repaid for cash or other assets, or to the extent that the Company otherwise realizes any proceeds on the sale of such Investment or proceeds representing the return of capital on such Investment, the lesser of (i) the initial amount of such Investment, or (ii) to the extent not otherwise included in the calculation of Consolidated Net Income of the Company for such period, the net cash return of capital or net Fair Market Value of return of capital with respect to such Investment, less the cost of any such disposition or liquidation, *plus*

(4) to the extent that any Unrestricted Subsidiary of the Company designated as such on and after the Issue Date is redesignated as a Restricted Subsidiary, the lesser of (i) the Fair Market Value of the Company's Investment in such Subsidiary as of the date of such redesignation or (ii) such Fair Market Value as of the date on which such Subsidiary was originally designated as an Unrestricted Subsidiary.

Notwithstanding whether the foregoing provisions would prohibit the Company and its Restricted Subsidiaries from making a Restricted Payment, the Company and its Restricted Subsidiaries may make the following Restricted Payments:

(i) the payment of any dividend on Capital Interests in the Company or a Restricted Subsidiary within 60 days after declaration thereof if at the declaration date such payment was permitted by the provisions of this covenant;

(ii) the purchase, repurchase, redemption, defeasance or other acquisition or retirement of any Qualified Capital Interests of the Company by conversion into, or by or in exchange for, Qualified Capital Interests, or out of net cash proceeds of the substantially concurrent sale (other than to a Restricted Subsidiary of the Company) of other Qualified Capital Interests of the Company;

(iii) the redemption, defeasance, repurchase or acquisition or retirement for value of any Debt of the Company or a Guarantor that is subordinate in right of payment to the Notes or the applicable Note Guarantee out of the net cash proceeds of a substantially concurrent issue and sale (other than to a Subsidiary of the Company) of (x) new subordinated Debt of the Company or such Guarantor, as the case may be, Incurred in accordance with the Indenture or (y) of Qualified Capital Interests of the Company;



(iv) the purchase, redemption, retirement or other acquisition for value of Capital Interests in the Company held by employees or former employees of the Company or any Restricted Subsidiary (or their estates or beneficiaries under their estates) upon death, disability, retirement or termination of employment

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or alteration of employment status or pursuant to the terms of any agreement under which such Capital Interests were issued; *provided, however*, that the aggregate cash consideration paid for such purchase, redemption, retirement or other acquisition of such Capital Interests does not exceed \$2.5 million in any calendar year; *provided further, however*, that any unused amounts in any calendar year may be carried forward to one or more future periods subject to a maximum aggregate amount of repurchases made pursuant to this clause (iv) not to exceed \$5.0 million in any calendar year; *provided, however*, that such amount in any calendar year may be increased by an amount not to exceed (A) the cash proceeds received by the Company or any of its Restricted Subsidiaries from the sale of Qualified Capital Interests of the Company to employees of the Company and its Restricted Subsidiaries that occurs after the Issue Date; *provided, however*, that the amount of such cash proceeds utilized for any such repurchase, retirement, other acquisition or dividend will not increase the amount available for Restricted Payments under clause (c) of the first paragraph of this covenant; plus (B) the cash proceeds of key man life insurance policies received by the Company and its Restricted Subsidiaries after the Issue Date (*provided, however*, that the Company may elect to apply all or any portion of the aggregate increase contemplated by the proviso of this clause (iv) in any calendar year);

(v) repurchase of Capital Interests deemed to occur upon the exercise of stock options, warrants or other convertible or exchangeable securities;

(vi) cash payment, in lieu of issuance of fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for the Capital Interests of the Company or a Restricted Subsidiary;

(vii) the declaration and payment of dividends to holders of any class or series of Redeemable Capital Interests of the Company or any Restricted Subsidiary issued or Incurred in compliance with the covenant described above under Limitation on Incurrence of Debt ;

(viii) upon the occurrence of a Change of Control or an Asset Sale, the defeasance, redemption, repurchase or other acquisition of any subordinated Debt pursuant to provisions substantially similar to those described under Change of Control and Limitation on Asset Sales at a purchase price not greater than 101% of the principal amount thereof (in the case of a Change of Control) or at a percentage of the principal amount thereof not higher than the principal amount applicable to the Notes (in the case of an Asset Sale), plus any accrued and unpaid interest thereon; *provided, however*, that prior to or contemporaneously with such defeasance, redemption, repurchase or other acquisition, the Company has made an Offer to Purchase with respect to the Notes and has repurchased all Notes validly tendered for payment and not withdrawn in connection therewith;

(ix) to the extent no Default in any payment in respect of principal or interest under the Notes or the Credit Agreement or Event of Default has occurred and is continuing or will occur as a consequence thereof, the payment of regular cash quarterly dividends on the Company's common stock in an amount not to exceed in any calendar year \$0.80 per share of outstanding common stock; *provided, however*, that in no event shall the amount of dividends paid in any calendar year under this clause (ix) exceed \$70.0 million;

(x) Restricted Payments that are made with Excluded Contributions; and

(xi) to the extent no Default in any payment in respect of principal or interest under the Notes or the Credit Agreement or Event of Default has occurred and is continuing or will occur as a consequence thereof, other Restricted Payments not in excess of \$25.0 million in the aggregate.

If any Person in which an Investment is made, which Investment constitutes a Restricted Payment when made, thereafter becomes a Guarantor in accordance with the Indenture, all such Investments previously made in such Person shall no longer be counted as Restricted Payments for

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purposes of calculating the aggregate amount of Restricted Payments pursuant to clause (c) of the first paragraph under this Limitation on Restricted Payments covenant, in each case to the extent such Investments would otherwise be so counted.

For purposes of this covenant, if a particular Restricted Payment involves a non-cash payment, including a distribution of assets, then such Restricted Payment shall be deemed to be an amount equal to the cash portion of

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such Restricted Payment, if any, plus an amount equal to the Fair Market Value of the non-cash portion of such Restricted Payment.

### ***Limitation on Liens***

The Company will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to enter into, create, incur, assume or suffer to exist any Liens of any kind, (other than Permitted Liens), on or with respect to any of its property or assets now owned or hereafter acquired or any interest therein or any income or profits therefrom, which Liens secure Debt, without securing the Notes or the applicable Note Guarantee, as the case may be, equally and ratably with (or prior to) the Debt secured by such Lien until such time as such Debt is no longer secured by such Lien; *provided, however*, that if the Debt so secured is subordinated by its terms to the Notes or such Note Guarantee, the Lien securing such Debt will also be so subordinated by its terms to the Notes and such Note Guarantees at least to the same extent.

### ***Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries***

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, cause or suffer to exist or become effective or enter into any encumbrance or restriction on the ability of any Restricted Subsidiary to (i) pay dividends or make any other distributions on its Capital Interests owned by the Company or any Restricted Subsidiary or pay any Debt or other obligation owed to the Company or any Restricted Subsidiary, (ii) make loans or advances to the Company or any Restricted Subsidiary thereof or (iii) transfer any of its property or assets to the Company or any Restricted Subsidiary.

However, the preceding restrictions will not apply to the following encumbrances or restrictions existing under or by reason of:

(a) any encumbrance or restriction in existence on the Issue Date, including those required by the Credit Agreement or by any other agreement or documents entered into in connection with the Credit Agreement and any amendments, modifications, restatements, renewals, increases, supplements or Refinancings of any of the foregoing agreements or documents; *provided, however*, that the amendments, modifications, restatements, renewals, increases, supplements or Refinancings, in the good faith judgment of the Company, are no more restrictive, taken as a whole, with respect to such dividend or other payment restrictions than those contained in these agreements on the Issue Date or Refinancings thereof;

(b) any encumbrance or restriction pursuant to an agreement relating to an acquisition of property, so long as the encumbrances or restrictions in any such agreement relate solely to the property so acquired (and are not or were not created in anticipation of or in connection with the acquisition thereof);

(c) any encumbrance or restriction which exists with respect to a Person that becomes a Restricted Subsidiary or merges with or into a Restricted Subsidiary on or after the Issue Date, which is in existence at the time such Person becomes a Restricted Subsidiary, but not created in connection with or in anticipation of such Person becoming a Restricted Subsidiary, and which is not applicable to any Person or the property or assets of any Person other than such Person or the property or assets of such Person becoming a Restricted Subsidiary;

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(d) any encumbrance or restriction pursuant to an agreement effecting a permitted Refinancing of Debt issued pursuant to an agreement containing any encumbrance or restriction referred to in the foregoing clauses (a) through (c), so long as the encumbrances and restrictions contained in any such Refinancing agreement are no less favorable in any material respect to the Holders than the encumbrances and restrictions contained in the agreements governing the Debt being Refinanced in the good faith judgment of the Company;

(e) customary provisions restricting subletting or assignment of any lease, contract, or license of the Company or any Restricted Subsidiary or provisions in agreements that restrict the assignment of such agreement or any rights thereunder;

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(f) any encumbrance or restriction by reason of applicable law, rule, regulation or order;

(g) any encumbrance or restriction under the Indenture, the Notes and the Note Guarantees;

(h) any encumbrance or restriction under the sale of assets or Capital Interest, including, without limitation, any agreement for the sale or other disposition of a Subsidiary that restricts distributions of or by that Subsidiary pending its sale or other disposition;

(i) restrictions on cash and other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;

(j) customary provisions with respect to the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, stock sale agreements, sale and leaseback agreements and other similar agreements;

(k) any instrument governing Debt or Capital Interests of a Person acquired by the Company or any of the Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Debt or Capital Interests was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired; *provided, however*, that, in the case of Debt, such Debt was permitted by the terms of the Indenture to be Incurred;

(l) purchase money obligations (including Capital Lease Obligations) for property acquired in the ordinary course of business that impose restrictions on that property so acquired of the nature described in clause (iii) of the first paragraph hereof;

(m) Liens otherwise permitted to be Incurred under the Indenture, including the provisions of the covenant described above under the caption Limitation on Liens that limit the right of the debtor to dispose of the assets subject to such Liens;

(n) any Non-Recourse Receivable Subsidiary Indebtedness or other contractual requirements of a Receivable Subsidiary that is a Restricted Subsidiary in connection with a Qualified Receivables Transaction; *provided, however*, that such restrictions apply only to such Receivable Subsidiary or the receivables and assets related thereto described in the definition of Qualified Receivables Transaction which are subject to such Qualified Receivables Transaction; and

(o) any other agreement governing Debt entered into after the Issue Date that contains encumbrances and restrictions that are not materially more restrictive with respect to any Restricted Subsidiary than those in effect on the Issue Date with respect to that Restricted Subsidiary pursuant to agreements in effect on the Issue Date.

Nothing contained in this Limitation on Dividends and Other Payments Affecting Restricted Subsidiaries covenant shall prevent the Company or any Restricted Subsidiary from (i) creating, incurring, assuming or suffering to exist any Liens otherwise permitted in the Limitation on Liens

covenant or (ii) restricting the sale or other disposition of property or assets of the Company or any of its Restricted Subsidiaries that secure Debt of the Company or any of its Restricted Subsidiaries Incurred in accordance with the Limitation on Incurrence of Debt and Limitation on Liens covenants in the Indenture.

*Limitation on Asset Sales*

The Company will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

(1) the Company (or the Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Sale at least equal to the Fair Market Value of the assets or Capital Interests issued or sold or otherwise disposed of; and

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(2) except in the case of a Permitted Asset Swap, at least 75% of the consideration received in the Asset Sale by the Company or such Restricted Subsidiary is in the form of cash or Eligible Cash Equivalents. For purposes of this provision, each of the following will be deemed to be cash:

(a) any liabilities, as shown on the most recent consolidated balance sheet of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or any Note Guarantee) that are assumed by the transferee of any such assets pursuant to a customary assignment and assumption agreement that releases the Company or such Restricted Subsidiary from further liability;

(b) any securities, notes or other obligations received by the Company or any such Restricted Subsidiary from such transferee that are converted by the Company or such Restricted Subsidiary into cash within 180 days of their receipt to the extent of the cash received in that conversion; and

(c) any Designated Non-cash Consideration received by the Company or such Restricted Subsidiary in such Asset Sale having an aggregate Fair Market Value, taken together with all other Designated Non-cash Consideration received pursuant to this clause (c) that is at that time outstanding, not to exceed \$25.0 million at the time of the receipt of such Designated Non-cash Consideration, with the Fair Market Value of each item of Designated Non-cash Consideration being measured at the time received and without giving effect to subsequent changes in value.

Within 360 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Company (or the applicable Restricted Subsidiary, as the case may be) may apply such Net Cash Proceeds at its option:

(i) to permanently repay (a) Debt under the Credit Facilities and, if the Obligation repaid is revolving credit Debt, to correspondingly reduce commitments with respect thereto and/or (b) other Pari Passu Debt (*provided* that if the Company shall so reduce Obligations under other Pari Passu Debt, other than the Notes, the Company will equally and ratably reduce Obligations under the Notes by making an offer (in accordance with the procedures set forth below for an Asset Sale Offer) to all holders to purchase at a purchase price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and additional interest, if any, the pro rata principal amount of Notes);

(ii) to acquire all or substantially all of the assets of, or any Capital Interests of, another Permitted Business, if, after giving effect to any such acquisition of Capital Interests, the Permitted Business is or becomes a Restricted Subsidiary of the Company;

(iii) to make a capital expenditure in or that is used or useful in a Permitted Business or to make expenditures for maintenance, repair or improvement of existing properties and assets;

(iv) to acquire other assets (other than inventory) that are used or useful in a Permitted Business;

(v) to repay or repurchase Debt secured by the assets of the Company or any Restricted Subsidiaries; or



(vi) any combination of the foregoing.

Any Net Cash Proceeds from Asset Sales that are not applied or invested as provided in the preceding paragraph of this covenant will constitute *Excess Proceeds*. When the aggregate amount of Excess Proceeds exceeds \$25.0 million, the Company will, within 30 days, make an Offer to Purchase to all Holders of Notes (an *Asset Sale Offer*), and to all holders of other Pari Passu Debt containing provisions similar to those set forth in the Indenture with respect to assets sales equal to the Excess Proceeds. The offer price for the Notes in any Offer to Purchase will be equal to 100% of the principal amount plus accrued and unpaid interest to the date of purchase, and will be payable in cash. If any Excess Proceeds remain after consummation of an Offer to Purchase, the Company may use those funds for any purpose not otherwise prohibited by the Indenture and they will no longer constitute Excess Proceeds. If the aggregate principal amount of Notes and other Pari Passu Debt tendered into such Offer to Purchase exceeds the amount of Excess Proceeds, the Excess Proceeds will be allocated between the Notes and such other Pari Passu Debt based on the principal amount (or accreted value, if

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applicable) of the Notes and such other Pari Passu Debt tendered and the Trustee will select the Notes to be purchased on a pro rata basis among all the Notes tendered (subject to the Depository Trust Company procedures). Upon completion of each Offer to Purchase, the amount of Excess Proceeds will be reset at zero.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other applicable securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to an Offer to Purchase. To the extent that the provisions of any securities laws or regulations conflict with the Asset Sale provisions of the Indenture, the Company will comply with the applicable securities laws and regulations and will be deemed to have complied with its obligations under the Asset Sale provisions of the Indenture by virtue of such compliance.

***Limitation on Transactions with Affiliates***

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction or series of related transactions, contract, agreement, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Company (each of the foregoing, an *Affiliate Transaction* ) involving aggregate consideration in excess of \$5.0 million, unless:

(i) such Affiliate Transaction is on terms that are not materially less favorable to the Company or the relevant Subsidiary than those that could reasonably have been obtained in a comparable arm's-length transaction between the Company or such Subsidiary and an unaffiliated party;

(ii) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of \$20.0 million, the Company delivers to the Trustee a resolution adopted in good faith by the majority of the Board of Directors of the Company approving such Affiliate Transaction and set forth in an Officers' Certificate certifying that such Affiliate Transaction complies with clause (i) above; and

(iii) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of \$40.0 million, the Company must obtain and deliver to the Trustee a written opinion of a nationally recognized investment banking, accounting or appraisal firm stating that the transaction is fair to the Company or such Restricted Subsidiary, as the case may be, from a financial point of view.

The foregoing limitations do not limit and shall not apply to:

(1) Restricted Payments that are permitted by the provisions of the Indenture described above under *Limitation on Restricted Payments* and Permitted Investments permitted under the Indenture;

(2) the payment of reasonable and customary compensation and indemnities and other benefits to members of the Board of Directors of the Company or a Restricted Subsidiary who are outside directors;

(3) the payment of reasonable and customary compensation and other benefits (including retirement, health, option, deferred compensation and other benefit plans) and indemnities to officers and employees of the Company or any Restricted Subsidiary as determined by the Board of Directors thereof in good faith;

(4) transactions between or among the Company and/or its Restricted Subsidiaries;

(5) any agreement or arrangement as in effect on the Issue Date and any amendment or modification thereto so long as such amendment or modification is not more disadvantageous to the Holders of the Notes in any material respect;

(6) any contribution of capital to the Company;

(7) transactions permitted by, and complying with, the provisions of the Indenture described below under Consolidation, Merger, Conveyance, Transfer or Lease ;

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(8) any transaction with a joint venture, partnership, limited liability company or other entity in the ordinary course of business that would constitute an Affiliate Transaction solely because the Company or a Restricted Subsidiary owns an equity interest in such joint venture, partnership, limited liability company or other entity;

(9) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case, in the ordinary course of business and on terms that are not materially less favorable to the Company or such Restricted Subsidiary, as the case may be, as determined in good faith by the Company, than those that could be obtained in a comparable arm's-length transaction with a Person that is not an Affiliate of the Company; and

(10) transactions effected as part of a Qualified Receivables Transaction.

***Limitation on Sale and Leaseback Transactions***

The Company will not, and will not permit any of its Restricted Subsidiaries to, enter into any Sale and Leaseback Transaction unless:

(i) the consideration received in such Sale and Leaseback Transaction is at least equal to the Fair Market Value of the property sold,

(ii) prior to and after giving effect to the Attributable Debt in respect of such Sale and Leaseback Transaction, the Company and such Restricted Subsidiary comply with the Limitation on Incurrence of Debt covenant contained herein, and

(iii) at or after such time the Company and such Restricted Subsidiary also comply with the Limitation on Asset Sales covenant contained herein.

***Provision of Financial Information***

Whether or not required by the Commission, so long as any Notes are outstanding, the Company will furnish to the Holders of Notes, or file electronically with the Commission through the Commission's Electronic Data Gathering, Analysis and Retrieval System (or any successor system), within the time periods specified in the Commission's rules and regulations:

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

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

In addition, whether or not required by the Commission, the Company will file a copy of all of the information and reports referred to in clauses (1) and (2) above with the Commission for public availability within the time periods specified in the Commission's rules and regulations (unless the Commission will not accept such a filing) and make such information available to prospective investors. In addition, the Company has agreed that, for so long as any Notes remain outstanding, it will furnish to the Holders and to prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

If the Company has designated any of its Subsidiaries as Unrestricted Subsidiaries, then the quarterly and annual financial information required by the preceding paragraph shall include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, and in Management's

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Discussion and Analysis of Financial Condition and Results of Operations, of the financial condition and results of operations of the Company and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Company.

### ***Note Guarantees***

The Company will not cause or permit (x) any of its Restricted Subsidiaries, directly or indirectly, to Guarantee any Debt of the Company or any other Restricted Subsidiary or (y) any of its domestic Restricted Subsidiaries to Incur Debt permitted to be Incurred under clause (i) of the definition of *Permitted Debt* unless, in each case of such clause (x) or (y), such Restricted Subsidiary:

- (1) within 5 Business Days of the date on which it Guarantees Debt of the Company or any of the Restricted Subsidiaries or Incurs such Debt, as applicable, executes and delivers to the Trustee a supplemental indenture pursuant to which such Restricted Subsidiary shall guarantee (each, a *Note Guarantee* ) all of the Company's obligations under the Notes and the Indenture on the terms and subject to the conditions contained in the supplemental indenture; and
- (2) delivers to the Trustee an opinion of counsel (which may contain customary exceptions) that such supplemental indenture has been duly authorized, executed and delivered by such Restricted Subsidiary and constitutes a legal, valid, binding and enforceable obligation of such Restricted Subsidiary.

Thereafter, such Subsidiary shall be a Guarantor for all purposes of the Indenture until such Guarantee is released in accordance with the provisions of the Indenture. The Indenture provides that in the event of a sale or other transfer or disposition of all of the Capital Interests in any Guarantor to any Person that is not an Affiliate of the Company in compliance with the terms of the Indenture, or in the event all or substantially all the assets or Capital Interests of a Guarantor are sold or otherwise transferred, by way of merger, consolidation or otherwise, to a Person that is not an Affiliate of the Company in compliance with the terms of the Indenture, then, without any further action on the part of the Trustee or any Holder, such Guarantor (or the Person concurrently acquiring such assets of such Guarantor) shall be deemed automatically and unconditionally cancelled, released and discharged of any obligations under its Note Guarantee, as evidenced by a written instrument or confirmation executed by the Trustee, upon request; *provided, however* that the Company delivers an Officers' Certificate to the Trustee certifying that the net cash proceeds of such sale or other disposition will be applied in accordance with the *Limitation on Asset Sales* covenant. The Company may cause any other Subsidiary of the Company to issue a Note Guarantee and become a Guarantor.

Each Note Guarantee by a Restricted Subsidiary will be limited to an amount not to exceed the maximum amount that can be guaranteed by that Restricted Subsidiary without rendering the Guarantee, as it relates to such Restricted Subsidiary, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

### ***Limitation on Creation of Unrestricted Subsidiaries***

The Company may designate any Subsidiary of the Company to be an Unrestricted Subsidiary as provided below, in which event such Subsidiary and each other Person that is then or thereafter becomes a Subsidiary of such Subsidiary will be deemed to be an Unrestricted Subsidiary.

*Unrestricted Subsidiary* means:

(1) any Subsidiary designated as such by an Officers Certificate as set forth below where neither the Company nor any of its Restricted Subsidiaries (i) provides credit support for, or Guarantee of, any Debt of such Subsidiary or any Subsidiary of such Subsidiary (including any undertaking, agreement or instrument evidencing such Debt, but excluding in the case of a Receivables Subsidiary any Standard Securitization Undertakings) or (ii) is directly or indirectly liable for any Debt of such Subsidiary or any Subsidiary of such Subsidiary (except in the case of a Receivables Subsidiary any Standard Securitization Undertakings); and

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(2) any Subsidiary of an Unrestricted Subsidiary.

The Company may designate any Subsidiary to be an Unrestricted Subsidiary unless such Subsidiary owns any Capital Interests of, or owns or holds any Lien on any property of, any other Restricted Subsidiary of the Company, *provided* that either:

(x) the Subsidiary to be so designated has total assets of \$1,000 or less; or

(y) the Company could make a Restricted Payment at the time of designation in an amount equal to the Fair Market Value of such Subsidiary pursuant to the Limitation on Restricted Payments covenant and such amount is thereafter treated as a Restricted Payment for the purpose of calculating the amount available for Restricted Payments thereunder.

An Unrestricted Subsidiary may be designated as a Restricted Subsidiary if (i) all the Debt of such Unrestricted Subsidiary could be Incurred under the Limitation on Incurrence of Debt covenant and (ii) all the Liens on the property and assets of such Unrestricted Subsidiary could be incurred pursuant to the Limitation on Liens covenant.

***Consolidation, Merger, Conveyance, Transfer or Lease***

The Company will not in any transaction or series of transactions, consolidate with or merge into any other Person (other than a merger of a Restricted Subsidiary into the Company in which the Company is the continuing Person or the merger of a Restricted Subsidiary into or with another Restricted Subsidiary or another Person that as a result of such transaction becomes or merges into a Restricted Subsidiary), or sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of the assets of the Company and its Restricted Subsidiaries (determined on a consolidated basis), taken as a whole, to any other Person, unless:

(i) either: (a) the Company shall be the continuing Person or (b) the Person (if other than the Company) formed by such consolidation or into which the Company is merged, or the Person that acquires, by sale, assignment, conveyance, transfer, lease or other disposition, all or substantially all of the property and assets of the Company (such Person, the *Surviving Entity*), (1) shall be a corporation, partnership, limited liability company or similar entity organized and validly existing under the laws of the United States, any political subdivision thereof or any state thereof or the District of Columbia and (2) shall expressly assume, by a supplemental indenture, the due and punctual payment of all amounts due in respect of the principal of (and premium, if any) and interest on all the Notes and the performance of the covenants and obligations of the Company under the Indenture; *provided, however* that at any time the Company or its successor is not a corporation, there shall be a co-issuer of the Notes that is a corporation;

(ii) immediately after giving effect to such transaction or series of transactions on a pro forma basis (including, without limitation, any Debt Incurred in connection with or in respect of such transaction or series of transactions), no Default shall have occurred and be continuing or would result therefrom;



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(iii) immediately after giving effect to any such transaction or series of transactions on a pro forma basis (including, without limitation, any Debt Incurred or anticipated to be Incurred in connection with or in respect of such transaction or series of transactions) as if such transaction or series of transactions had occurred on the first day of the determination period, the Company (or the Surviving Entity if the Company is not continuing) could Incur \$1.00 of Coverage Debt under the Limitation on Incurrence of Debt covenant; and

(iv) the Company delivers, or causes to be delivered, to the Trustee, in form satisfactory to the Trustee, an Officers Certificate and an opinion of counsel, each stating that such consolidation, merger, sale, conveyance, assignment, transfer, lease or other disposition complies with the requirements of the Indenture.

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Notwithstanding the foregoing, failure to satisfy the requirements of the preceding clauses (ii) and (iii) will not prohibit:

(a) a merger between the Company and a Restricted Subsidiary that is a wholly owned Subsidiary of the Company; or

(b) a merger between the Company and an Affiliate incorporated solely for the purpose of converting the Company into a corporation organized under the laws of the United States or any political subdivision or state thereof; so long as, in each case, the amount of Debt of the Company and its Restricted Subsidiaries is not increased thereby.

For all purposes of the Indenture and the Notes, Subsidiaries of any Surviving Entity will, upon such transaction or series of transactions, become Restricted Subsidiaries or Unrestricted Subsidiaries as provided pursuant to the Indenture and all Debt, and all Liens on property or assets, of the Surviving Entity and its Subsidiaries that was not Debt, or were not Liens on property or assets, of the Company and its Subsidiaries immediately prior to such transaction or series of transactions shall be deemed to have been Incurred upon such transaction or series of transactions.

Upon any transaction or series of transactions that are of the type described in, and are effected in accordance with, conditions described in the immediately preceding paragraphs, the Surviving Entity shall succeed to, and be substituted for, and may exercise every right and power of, the Company, under the Indenture with the same effect as if such Surviving Entity had been named as the Company therein; and when a Surviving Person duly assumes all of the obligations and covenants of the Company pursuant to the Indenture and the Notes, except in the case of a lease, the predecessor Person shall be relieved of all such obligations.

## **Events of Default**

Each of the following is an Event of Default :

(1) default in the payment in respect of the principal of (or premium, if any, on) any Note when due and payable (whether at Stated Maturity or upon repurchase, acceleration, optional redemption or otherwise);

(2) default in the payment of any interest upon any Note when it becomes due and payable, and continuance of such default for a period of 30 days;

(3) except as permitted by the Indenture, any Note Guarantee of any Significant Subsidiary (or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary), shall for any reason cease to be, or it shall be asserted by any Guarantor or the Company not to be, in full force and effect and enforceable in accordance with its terms;

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(4) default in the performance, or breach, of any covenant or agreement of the Company or any Restricted Subsidiary in the Indenture (other than a covenant or agreement a default in whose performance or whose breach is specifically dealt with in clauses (1), (2) or (3) above), and continuance of such default or breach for a period of 60 days after written notice thereof has been given to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in aggregate principal amount of the outstanding Notes;

(5) a default or defaults under any bonds, debentures, notes or other evidences of Debt (other than the Notes) by the Company or any Significant Subsidiary having, individually or in the aggregate, a principal or similar amount outstanding of at least \$25.0 million, whether such Debt now exists or shall hereafter be created, which default or defaults shall have resulted in the acceleration of the maturity of such Debt prior to its express maturity or shall constitute a failure to pay principal of, or interest or premium on, such Debt when due and payable after the expiration of any applicable grace period with respect thereto;

(6) the entry against the Company or any Restricted Subsidiary that is a Significant Subsidiary of a final judgment or final judgments for the payment of money in an aggregate amount in excess of

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\$25.0 million, by a court or courts of competent jurisdiction, which judgments remain undischarged, unwaived, unstayed, unbonded or unsatisfied for a period of 60 consecutive days; or

(7) certain events in bankruptcy, insolvency or reorganization affecting the Company or any Significant Subsidiary (or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary).

If an Event of Default (other than an Event of Default specified in clause (7) above with respect to the Company) occurs and is continuing, then and in every such case the Trustee or the Holders of not less than 25% in aggregate principal amount of the outstanding Notes may declare the principal of the Notes and any accrued interest on the Notes to be due and payable immediately by a notice in writing to the Company (and to the Trustee if given by Holders); *provided, however*, that after such acceleration, but before a judgment or decree based on acceleration, the Holders of a majority in aggregate principal amount of the outstanding Notes may rescind and annul such acceleration if all Events of Default, other than the nonpayment of accelerated principal of or interest on the Notes, have been cured or waived as provided in the Indenture.

In the event of a declaration of acceleration of the Notes solely because an Event of Default described in clause (5) above has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically rescinded and annulled if the event of default or payment default triggering such Event of Default pursuant to clause (5) shall be remedied or cured by the Company or a Restricted Subsidiary of the Company or waived by the holders of the relevant Debt within 20 Business Days after the declaration of acceleration with respect thereto and if the rescission and annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction obtained by the Trustee for the payment of amounts due on the Notes.

If an Event of Default specified in clause (7) above occurs with respect to the Company, the principal of and any accrued interest on the Notes then outstanding shall ipso facto become immediately due and payable without any declaration or other act on the part of the Trustee or any Holder. For further information as to waiver of defaults, see Amendment, Supplement and Waiver. The Trustee may withhold from Holders notice of any Default (except Default in payment of principal of, premium, if any, and interest) if the Trustee determines that withholding notice is in the interests of the Holders to do so.

No Holder of any Note will have any right to institute any proceeding with respect to the Indenture or for any remedy thereunder, unless such Holder shall have previously given to the Trustee written notice of a continuing Event of Default and unless also the Holders of at least 25% in aggregate principal amount of the outstanding Notes shall have made written request to the Trustee, and provided indemnity reasonably satisfactory to the Trustee, to institute such proceeding as Trustee, and the Trustee shall not have received from the Holders of a majority in aggregate principal amount of the outstanding Notes a direction inconsistent with such request and shall have failed to institute such proceeding within 60 days. Such limitations do not apply, however, to a suit instituted by a Holder of a Note directly (as opposed to through the Trustee) for enforcement of payment of the principal of (and premium, if any) or interest on such Note on or after the respective due dates expressed in such Note.

The Company will be required to furnish to the Trustee annually a statement as to the performance of certain obligations under the Indenture and as to any default in such performance. The Company also is required to notify the Trustee if it becomes aware of the occurrence of any Default.

## **Amendment, Supplement and Waiver**

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Without the consent of any Holders, the Company, the Guarantors and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental to the Indenture and the Note Guarantees for any of the following purposes:

(1) to evidence the succession of another Person to the Company and the assumption by any such successor of the covenants of the Company in the Indenture, the Note Guarantees and the Notes;

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(2) to add to the covenants of the Company for the benefit of the Holders, or to surrender any right or power herein conferred upon the Company;

(3) to add additional Events of Default;

(4) to provide for uncertificated Notes in addition to or in place of the certificated Notes;

(5) to evidence and provide for the acceptance of appointment under the Indenture by a successor Trustee;

(6) to provide for or confirm the issuance of additional debt securities in accordance with the terms of the Indenture;

(7) to add a Guarantor or to release a Guarantor in accordance with the Indenture;

(8) to cure any ambiguity, defect, omission, mistake or inconsistency;

(9) to make any other provisions with respect to matters or questions arising under the Indenture; *provided, however*, that such actions pursuant to this clause (9) shall not adversely affect the interests of the Holders of the Notes in any material respect, as determined in good faith by the Board of Directors of the Company;

(10) to conform the text of the Indenture or the Notes to any provision of this Description of Notes to the extent that the Trustee has received an Officers Certificate stating that such text constitutes an unintended conflict with the description of the corresponding provision in this Description of Notes ; or

(11) to effect or maintain the qualification of the Indenture under the Trust Indenture Act.

With the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes, the Company, the Guarantors and the Trustee may enter into an indenture or indentures supplemental to the Indenture for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture applicable to the Notes or of the Notes or of modifying in any manner the rights of the Holders of the Notes under the Indenture, including the definitions therein; *provided, however*, that no such supplemental indenture shall, without the consent of the Holder of each outstanding Note affected thereby:

(1) change the Stated Maturity of any Note or of any installment of interest on any Note, or reduce the amount payable in respect of the principal thereof or the rate of interest thereon or any premium payable thereon, or reduce the amount that would be due and payable on acceleration of

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the maturity thereof, or change the place of payment where, or the coin or currency in which, any Note or any premium or interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof, or change the date on which any Notes may be subject to redemption or reduce the Redemption Price therefor,

(2) reduce the percentage in aggregate principal amount of the outstanding Notes, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver (of compliance with certain provisions of the Indenture or certain defaults thereunder and their consequences) provided for in the Indenture,

(3) modify the obligations of the Company to make Offers to Purchase upon a Change of Control or from the Excess Proceeds of Asset Sales if such modification was done after the occurrence of such Change of Control or such Asset Sale,

(4) modify or change any provision of the Indenture affecting the ranking of the Notes or any Note Guarantee in an manner adverse to the Holders of the Notes,

(5) modify any of the provisions of this paragraph or provisions relating to waiver of defaults or certain covenants, except to increase any such percentage required for such actions or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the Holder of each outstanding Note affected thereby, or

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(6) release any Guarantees required to be maintained under the Indenture (other than in accordance with the terms of the Indenture).

The Holders of not less than a majority in aggregate principal amount of the outstanding Notes may on behalf of the Holders of all the Notes waive any past default under the Indenture and its consequences, except a default:

(1) in any payment in respect of the principal of (or premium, if any) or interest on any Notes (including any Note which is required to have been purchased pursuant to an Offer to Purchase which has been made by the Company), or

(2) in respect of a covenant or provision hereof which under the Indenture cannot be modified or amended without the consent of the Holder of each outstanding Note affected.

**Satisfaction and Discharge of the Indenture; Defeasance**

The Company and the Guarantors, if any, may terminate their obligations under the Indenture with respect to the Notes when:

(1) either: (A) all Notes theretofore authenticated and delivered have been delivered to the Trustee for cancellation, or (B) all such Notes not theretofore delivered to the Trustee for cancellation (i) have become due and payable or (ii) will become due and payable within one year or are to be called for redemption within one year (a *Discharge* ) under irrevocable arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company, and the Company has irrevocably deposited or caused to be deposited with the Trustee funds in an amount sufficient to pay and discharge the entire indebtedness on the Notes, not theretofore delivered to the Trustee for cancellation, for principal of, premium, if any, and interest to the Stated Maturity or date of redemption;

(2) the Company has paid or caused to be paid all other sums then due and payable under the Indenture by the Company with respect to the Notes;

(3) the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Company or any Guarantor is a party or by which the Company or any Guarantor is bound;

(4) the Company has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be; and

(5) the Company has delivered to the Trustee an Officers' Certificate and an opinion of counsel reasonably acceptable to the Trustee, each stating that all conditions precedent under the Indenture relating to the Discharge have been complied with.



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The Company may elect, at its option, to have its obligations discharged with respect to the outstanding Notes and any outstanding Notes Guarantees terminated ( *defeasance* ). Such defeasance means that the Company will be deemed to have paid and discharged the entire indebtedness represented by the outstanding Notes, except for:

- (1) the rights of Holders of such Notes to receive payments in respect of the principal of and any premium and interest on such Notes when payments are due,
- (2) the Company's obligations with respect to such Notes concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust,
- (3) the rights, powers, trusts, duties and immunities of the Trustee,
- (4) the Company's right of optional redemption, and
- (5) the defeasance provisions of the Indenture.

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In addition, the Company may elect, at its option, to have its obligations released with respect to certain covenants, including, without limitation, their obligation to make Offers to Purchase in connection with Asset Sales and any Change of Control, in the Indenture ( *covenant defeasance* ) and any omission to comply with such obligation shall not constitute a Default with respect to the Notes. In the event covenant defeasance occurs, certain events (not including non-payment and bankruptcy and insolvency events with respect to the Company) described under Events of Default will no longer constitute an Event of Default with respect to the Notes and any outstanding Notes Guarantees will terminate.

In order to exercise either defeasance or covenant defeasance with respect to outstanding Notes:

(1) the Company must irrevocably have deposited or caused to be deposited with the Trustee as trust funds in trust for the purpose of making the following payments, specifically pledged as security for, and dedicated solely to the benefits of the Holders of such Notes: (A) money in an amount, or (B) U.S. government obligations, which through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide, not later than the due date of any payment, money in an amount or (C) a combination thereof, in each case sufficient without reinvestment, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge, and which shall be applied by the Trustee to pay and discharge, the entire indebtedness in respect of the principal of and premium, if any, and interest on such Notes on the Stated Maturity thereof or (if the Company has made irrevocable arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name and at the expense of the Company) the redemption date thereof, as the case may be, in accordance with the terms of the Indenture and such Notes;

(2) in the case of defeasance, the Company shall have delivered to the Trustee an opinion of counsel stating that (A) the Company has received from, or there has been published by, the Internal Revenue Service a ruling or (B) since the date of the Indenture, there has been a change in the applicable United States federal income tax law, in either case (A) or (B) to the effect that, and based thereon such opinion shall confirm that, the Holders of such Notes will not recognize gain or loss for United States federal income tax purposes as a result of the deposit, defeasance and discharge to be effected with respect to such Notes and will be subject to United States federal income tax on the same amount, in the same manner and at the same times as would be the case if such deposit, defeasance and discharge were not to occur;

(3) in the case of covenant defeasance, the Company shall have delivered to the Trustee an opinion of counsel to the effect that the Holders of such outstanding Notes will not recognize gain or loss for United States federal income tax purposes as a result of the deposit and covenant defeasance to be effected with respect to such Notes and will be subject to federal income tax on the same amount, in the same manner and at the same times as would be the case if such deposit and covenant defeasance were not to occur;

(4) no Default with respect to the outstanding Notes shall have occurred and be continuing at the time of such deposit after giving effect thereto (other than a Default resulting from the borrowing of funds to be applied to such deposit and the grant of any Lien to secure such borrowing);

(5) such defeasance or covenant defeasance shall not result in a breach or violation of, or constitute a default under, any material agreement or material instrument (other than the Indenture) to which the Company is a party or by which the Company is bound; and

(6) the Company shall have delivered to the Trustee an Officers Certificate and an opinion of counsel, each stating that all conditions precedent with respect to such defeasance or covenant defeasance have been complied with.

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Notwithstanding the foregoing, the opinion of counsel required by clause (2) or (3) above with respect to a defeasance need not to be delivered if all Notes not therefore delivered to the Trustee for cancellation (x) have become due and payable or (y) will become due and payable at Stated Maturity within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company.

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### **The Trustee**

The Bank of New York Mellon Trust Company, N.A., the Trustee under the Indenture, will be the initial paying agent and registrar for the Notes. The Trustee or its affiliates from time to time may extend credit to and transact other business with the Company in the normal course of business. Except during the continuance of an Event of Default, the Trustee will perform only such duties as are specifically set forth in the Indenture. During the continuance of an Event of Default that has not been cured or waived, the Trustee will exercise such of the rights and powers vested in it by the Indenture and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

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

The Holders of a majority in principal amount of the outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee with respect to the Notes or exercising any trust or power conferred on the Trustee with respect to the Notes, subject to certain exceptions. The Indenture provides that in case an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs. Subject to such provisions, the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Indenture with respect to the Notes at the request or direction of any of the holders of the Notes pursuant to the Indenture, unless such holders shall have provided to the Trustee security or indemnity reasonably satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

No recourse may, to the full extent permitted by applicable law, be taken, directly or indirectly, with respect to the obligations of the Company or the Guarantors on the Notes or under the Indenture or any related documents, any certificate or other writing delivered in connection therewith, against (i) the Trustee in its individual capacity, or (ii) any partner, owner, beneficiary, agent, officer, director, employee, agent, successor or assign of the Trustee, each in its individual capacity, or (iii) any holder of equity in the Trustee.

### **No Personal Liability of Stockholders, Partners, Officers or Directors**

No director, officer, employee, stockholder, general or limited partner or incorporator, past, present or future, of the Company or any of its Subsidiaries, as such or in such capacity, shall have any personal liability for any obligations of the Company under the Notes, any Note Guarantee or the Indenture by reason of his, her or its status as such director, officer, employee, stockholder, general or limited partner or incorporator. Each Holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes.

### **Governing Law**

The Indenture and the Notes are governed by, and will be construed in accordance with, the laws of the State of New York.

**Certain Definitions**

Set forth below is a summary of certain of the defined terms used in the Indenture. Reference is made to the Indenture for the full definition of all such terms, as well as any capitalized term used herein for which no definition is provided.

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*Acquired Debt* means Debt (1) of a Person (including an Unrestricted Subsidiary) existing at the time such Person becomes a Restricted Subsidiary or (2) assumed in connection with the acquisition of assets from such Person. Acquired Debt shall be deemed to have been Incurred, with respect to clause (1) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (2) of the preceding sentence, on the date of consummation of such acquisition of assets.

*Affiliate* of any Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Person. For the purposes of this definition, control when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms controlling and controlled have meanings that correspond to the foregoing. For purposes of the Limitation on Transactions with Affiliates covenant, any Person directly or indirectly owning 15% or more of the outstanding Capital Interests of the Company will be deemed an Affiliate.

*Applicable Premium* means, with respect to any Note on any applicable redemption date, the greater of:

(1) 1.0% of the principal amount of such Note; and

(2) the excess, if any, of:

(a) the present value at such redemption date of (i) the redemption price of such Note at August 15, 2014 (such redemption price being set forth in the table appearing in the first paragraph under the caption *Optional Redemption* ) plus (ii) all required interest payments (excluding accrued and unpaid interest to such redemption date) due on such Note through August 15, 2014 computed using a discount rate equal to the Treasury Rate as of such redemption date plus 50 basis points; over

(b) the principal amount of such Note.

*Asset Acquisition* means:

(a) an Investment by the Company or any Restricted Subsidiary in any other Person pursuant to which such Person shall become a Restricted Subsidiary, or shall be merged with or into the Company or any Restricted Subsidiary; or

(b) the acquisition by the Company or any Restricted Subsidiary of the assets of any Person which constitute all or substantially all of the assets of such Person, any division or line of business of such Person or any other properties or assets of such Person other than in the ordinary course of business and consistent with past practices.

*Asset Sale* means any transfer, conveyance, sale, lease or other disposition (including, without limitation, dispositions pursuant to any consolidation or merger) by the Company or any of its Restricted Subsidiaries to any Person in any single transaction or series of transactions of:

(i) Capital Interests in another Person (other than directors' qualifying shares or shares or interests required to be held by foreign nationals pursuant to local law);

(ii) any other property or assets (other than in the normal course of business, including any sale or other disposition of obsolete or permanently retired equipment);

*provided, however,* that the term "Asset Sale" shall exclude:

(a) any asset disposition permitted by the provisions described under "Consolidation, Merger, Conveyance, Transfer or Lease" that constitutes a disposition of all or substantially all of the assets of the Company and its Restricted Subsidiaries taken as a whole;

(b) any transfer, conveyance, sale, lease or other disposition of property or assets, the gross proceeds of which (exclusive of indemnities) do not exceed in any one or related series of transactions \$20.0 million;

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(c) sales or other dispositions of cash or Eligible Cash Equivalents;

(d) sales of interests in Unrestricted Subsidiaries;

(e) the sale and leaseback of any assets within 90 days of the acquisition thereof;

(f) the disposition of assets that, in the good faith judgment of the Company, are no longer used or useful in the business of such entity;

(g) a Restricted Payment or Permitted Investment that is otherwise permitted by the Indenture;

(h) any trade-in of equipment in exchange for other equipment; *provided, however* that in the good faith judgment of the Company, the Company or such Restricted Subsidiary receives equipment having a Fair Market Value equal to or greater than the equipment being traded in;

(i) the creation of a Lien (but not the sale or other disposition of the property subject to such Lien);

(j) leases or subleases in the ordinary course of business to third persons not interfering in any material respect with the business of the Company or any of its Restricted Subsidiaries and otherwise in accordance with the provisions of the Indenture;

(k) any disposition by a Subsidiary to the Company or by the Company or a Subsidiary to a Restricted Subsidiary;

(l) dispositions of accounts receivable in connection with the collection or compromise thereof in the ordinary course of business and consistent with past practice;

(m) licensing or sublicensing of intellectual property or other general intangibles in accordance with industry practice in the ordinary course of business;

(n) any transfer of accounts receivable, or a fractional undivided interest therein, by a Receivable Subsidiary in a Qualified Receivables Transaction; or



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(o) sales of accounts receivable to a Receivable Subsidiary pursuant to a Qualified Receivables Transaction for the Fair Market Value thereof; including cash or other financial accommodation, such as the provision of letters of credit by such Receivable Subsidiary on behalf of or for the benefit of the transferor of such accounts receivable, in an amount at least equal to 75% of the Fair Market Value thereof (for the purposes of this clause (o), Purchase Money Notes will be deemed to be cash).

For purposes of this definition, any series of related transactions that, if effected as a single transaction, would constitute an Asset Sale, shall be deemed to be a single Asset Sale effected when the last such transaction which is a part thereof is effected.

*Attributable Debt* in respect of a Sale and Leaseback Transaction means, at the time of determination, the present value (discounted at the rate of interest implicit in such transaction) of the total obligations of the lessee for rental payments during the remaining term of the lease included in such Sale and Leaseback Transaction (including any period for which such lease has been or may be extended).

*Average Life* means, as of any date of determination, with respect to any Debt, the quotient obtained by dividing (i) the sum of the products of (x) the number of years from the date of determination to the dates of each successive scheduled principal payment (including any sinking fund or mandatory redemption payment requirements) of such Debt multiplied by (y) the amount of such principal payment by (ii) the sum of all such principal payments.

*Board of Directors* means (i) with respect to the Company or any Restricted Subsidiary, its board of directors or any duly authorized committee thereof; (ii) with respect to a corporation, the board of directors of such corporation or any duly authorized committee thereof; and (iii) with respect to any other entity, the board of directors or similar body of the general partner or managers of such entity or any duly authorized committee thereof.

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*Business Day* means each day that is not a Legal Holiday.

*Capital Interests* in any Person means any and all shares, interests (including Preferred Interests), participations or other equivalents in the equity interest (however designated) in such Person and any rights (other than Debt securities convertible into an equity interest), warrants or options to acquire an equity interest in such Person.

*Capital Lease Obligations* means any obligation of a Person under a lease that is required to be capitalized for financial reporting purposes in accordance with GAAP; and the amount of Debt represented by such obligation shall be the capitalized amount of such obligations determined in accordance with GAAP; and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a penalty.

*Change of Control* means:

(1) any person or group (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), is or becomes the ultimate beneficial owner (as such term is used in Rules 13d-3 and 13d-5 under the Exchange Act, except that for purposes of this clause (1) such person or group shall be deemed to have beneficial ownership of all shares that any such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 50% of the Voting Interests in the Company;

(2) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors of the Company (together with any new directors whose election by the Board of Directors or whose nomination for election by the equityholders of the Company was approved by a vote of a majority of the directors of the Company then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Company's Board of Directors then in office;

(3) the Company sells, conveys, transfers or leases (either in one transaction or a series of related transactions) all or substantially all of its assets to a Person;

(4) the Company consolidates with, or merges with or into, any Person, or any Person consolidates with, or merges with or into, the Company, in any such event pursuant to a transaction in which any of the outstanding Voting Interests of the Company or such other Person are converted into, or exchanged for, cash, securities or other property, other than any such transaction where Voting Interests of the Company outstanding immediately prior to such transaction are converted into, or exchanged for, Voting Interests (other than Redeemable Capital Interests and Preferred Interests) of the surviving or transferee Person constituting 50% or more of the outstanding shares of such Voting Interests of such surviving or transferee Person immediately after giving effect to such issuance; or

(5) the adoption of a plan relating to the Company's liquidation or dissolution.

*Code* means the Internal Revenue Code of 1986, as amended from time to time and the regulations promulgated thereunder.

*Common Interests* of any Person means Capital Interests in such Person that do not rank prior, as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of such Person, to Capital Interests of any other class in such Person.

*Company* means Olin Corporation and any successor thereto.

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*Consolidated Cash Flow Available for Fixed Charges* means, with respect to any Person for any period:

(i) the sum of, without duplication, the amounts for such period, taken as a single accounting period, of (in the case of clauses (b) through (g), inclusive, to the extent Consolidated Net Income has been reduced thereby):

(a) Consolidated Net Income;

(b) Consolidated Non-cash Charges;

(c) Consolidated Interest Expense;

(d) Consolidated Income Tax Expense;

(e) any expenses or charges related to any equity offering, Permitted Investment, recapitalization or Incurrence of Debt permitted to be made under the Indenture (whether or not successful) or related to this offering of the Notes;

(f) any net loss from discontinued operations; and

(g) any costs or expenses incurred by the Company or a Restricted Subsidiary pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement, any stock subscription or shareholder agreement, to the extent that such costs or expenses are funded with cash proceeds contributed to the capital of the Company or net cash proceeds of an issuance of Capital Interests of the Company (other than Redeemable Capital Interests and Preferred Interests); *less*

(ii)(x) net income from discontinued operations and (y) the amount of extraordinary, non-recurring or unusual gains.

*Consolidated Fixed Charge Coverage Ratio* means, with respect to any Person, the ratio of Consolidated Cash Flow Available for Fixed Charges of such Person during the four full fiscal quarters for which financial statements are available (the *Four Quarter Period*) ending prior to the date of the transaction giving rise to the need to calculate the Consolidated Fixed Charge Coverage Ratio (the *Transaction Date*) to Consolidated Fixed Charges of such Person for the Four Quarter Period. In addition to and without limitation of the foregoing, for purposes of this definition,

*Consolidated Cash Flow Available for Fixed Charges* and *Consolidated Fixed Charges* shall be calculated after giving effect on a *pro forma* basis for the period of such calculation to:

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(i) the Incurrence of any Debt of such Person or any of its Restricted Subsidiaries (and the application of the proceeds thereof) and the repayment of other Debt, other than the Incurrence or repayment of Debt in the ordinary course of business for working capital purposes pursuant to working capital facilities, occurring during the Four Quarter Period or at any time subsequent to the last day of the Four Quarter Period and on or prior to the Transaction Date, as if such Incurrence or repayment, as the case may be (and the application of the proceeds thereof), occurred on the first day of the Four Quarter Period; and

(ii) any Asset Sales or Asset Acquisitions (including, without limitation, any Asset Acquisition giving rise to the need to make such calculation as a result of such Person or one of its Restricted Subsidiaries (including any Person who becomes a Restricted Subsidiary as a result of the Asset Acquisition) Incurring, assuming or otherwise being liable for Acquired Debt and also including any Consolidated Cash Flow Available for Fixed Charges attributable to the assets which are the subject of the Asset Acquisition) occurring during the Four Quarter Period or at any time subsequent to the last day of the Four Quarter Period and on or prior to the Transaction Date, as if such Asset Sale or Asset Acquisition (including the Incurrence, assumption or liability for any such Acquired Debt) occurred on the first day of the Four Quarter Period.

For purposes of this definition, pro forma calculations shall be made in accordance with Article 11 of Regulation S-X promulgated under the Securities Act, except that such pro forma calculations may also include operating expense reductions for such period resulting from the asset sale or Asset Acquisition (as determined in

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accordance with GAAP) for which pro forma effect is being given (A) that have been realized or (B) for which steps have been taken or are reasonably expected to be taken within six (6) months of the date of such transaction and are supportable and quantifiable and, in each case, including, but not limited to, (a) reduction in personnel expenses, (b) reduction of costs related to administrative functions, (c) reduction of costs related to leased or owned properties and (d) reductions from the consolidation of operations and streamlining of corporate overhead; *provided, however*, that, in either case, such adjustments are set forth in an officers' certificate signed by the Company's chief financial or similar officer that states (i) the amount of such adjustment or adjustments and (ii) that such adjustment or adjustments are based on the reasonable good faith belief of the officers executing such officers' certificate at the time of such execution.

Furthermore, in calculating *Consolidated Fixed Charges* for purposes of determining the denominator (but not the numerator) of this *Consolidated Fixed Charge Coverage Ratio* :

(i) interest on outstanding Debt determined on a fluctuating basis as of the Transaction Date and which will continue to be so determined thereafter shall be deemed to have accrued at a fixed rate per annum equal to the rate of interest on such Debt in effect on the Transaction Date;

(ii) if interest on any Debt actually Incurred on the Transaction Date may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rates,