THE OLIN CORPORATION
CONTRIBUTING EMPLOYEE
OWNERSHIP PLAN

401(k)
Keep thinking of your future.

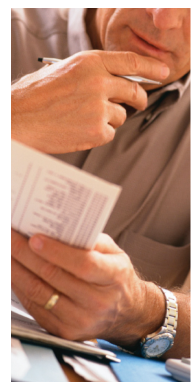
Borrowing From Your Olin Corporation Contributing Employee Ownership Plan: What You Need to Know

Every now and then, something happens which can throw your finances into a tailspin; e.g., your car breaks down or your roof starts leaking.

Unless you already have savings to manage these budget breakers, you'll probably need to find some creative ways to pay for the expenses. Thankfully, there are a number of ways to deal with financial curve balls. If you're a homeowner, perhaps you can take out a home equity loan. Or, maybe you have a relative who is willing to lend you the cash at a low interest rate.

You may be tempted to borrow the amount needed from your Olin Corporation Contributing Employee Ownership Plan (CEOP) account. Before deciding to dip into your CEOP account, though, please make sure that you understand the implications.

Key Advice — Give it some careful thought



Proceed with caution when deciding whether to borrow from your CEOP account for more common expenses, such as a car or home repair. Here's why:

- If you terminate your employment with Olin Corporation or any of its Affiliates, or if you are in lay-off status for more than 12 months, the full outstanding loan amount must be paid back within 60 days. If not repaid, the loan is considered as taxable income to you.*
- When you borrow from your CEOP account, you don't allow the full account value to accumulate over time since the loan amount is not invested like the remainder of your CEOP account. You may also find it difficult to continue making regular contributions to your CEOP account while making monthly loan payments.

Avoid a tax blow

As with many financial transactions, it is important to first research any tax consequences before you borrow. When you dip into your CEOP account, there is an important distinction between "borrowing" and "withdrawing" funds in the eyes of the Internal Revenue Service.

- **Borrowing: Taking a loan that needs to be repaid to the CEOP with interest within a specified time frame.** You may take a regular loan for any reason and elect from 12 to 60 months to repay it.
- **Withdrawing: Taking funds from the CEOP that are not to be repaid.** Withdrawals are taxed and penalized accordingly. Normally, funds cannot be withdrawn before age 59½ except in cases of "extreme hardship**" or if you have rolled over a distribution from your former employer's eligible retirement plan into the CEOP. Even in the case of a hardship, you will still be responsible for paying a 10% early withdrawal penalty and you'll also owe federal and, possibly, state taxes on the amount you withdraw. This applies even if you lose your job involuntarily and find yourself unemployed.

* If the loan payments are current at time of termination you may also set up automatic loan repayments. To learn more about the loan repayment feature go to www.olin.ingplans.com look under My Account/Loans/Loan Repayment.

** Hardship withdrawals can be taken for the following reasons: purchase of a primary residence, post-secondary education, unreimbursed medical expenses, prevention of eviction or foreclosure, burial or funeral expenses and expenses for repair of damage to your principal residence that would qualify as deductible casualty expenses (without regard to the 10% "floor" for deductibility). Generally, withdrawals from the CEOP are subject to 20% federal tax withholding and, if you are less than age 59½, a 10% early withdrawal penalty will apply. Ordinary income taxes may apply as well. Additionally, your contributions to the CEOP will be suspended for a period of six (6) months following the processing of your hardship withdrawal.

Factor in the loan costs

Like all loans, there are costs associated with taking a loan from your CEOP account. The loan processing fee is $50 per loan. This may not sound like much, but if your loan amount is $1,000, the processing fee amounts to 5% of the total loan amount.

Did you know you will actually be taxed twice on the money you borrow? When you take out a loan from your CEOP account, you are paying back the loan, with interest, to yourself using **after-tax dollars**. On top of that, you'll also pay taxes on the money again when you start to take distributions in retirement. This double taxation can be significant.

EXAMPLE:

Let us consider a typical loan of $10,000, repaid over five years at 8.5% interest. This loan has the total interest paid with after-tax money of approximately $2,309, resulting in $739* of unnecessary taxes.

* Assumes 32% federal tax bracket

A plan when all else fails

While having the option of borrowing from your CEOP account in an emergency can provide peace of mind, there's another important point to remember: Dipping into your savings **today** may detract from your retirement security in the future. The money you borrow today is being taken out of an investment fund that offers **tax-free** compounding that is key to building a substantial CEOP account. Remember, while your money is out on a leave of absence, because you borrowed it, it's not invested like the remainder of your CEOP account.

Know the real cost of borrowing:

Below is an estimated cost of taking a $10,000 loan from your plan for 5 years at 6% interest.

Original loan amount:	$10,000.00
Interest paid with after-tax dollars:	$1,600.00
Cost of loan when repaid with interest:	$11,600.00
Additional taxes paid when the money is withdrawn at retirement:	$ 448.00*
Total cost of loan:	**$12,048.00**

* Assumes a 28% federal tax bracket at retirement This illustration is hypothetical and for demonstration purposes only.

- **Taking a loan from your CEOP account may be a good idea if:**
  - ✔ the loan is a less expensive alternative to paying off debt at a high-interest rate.
  - ✔ it is the only alternative to financial disaster, such as losing your home due to foreclosure, or extreme medical expenses not covered by insurance.
- **Taking a loan from your CEOP account may *not* be such a good idea if:**
  - ✔ you experience financial pressure due to excessive spending. Borrowing more isn't the answer — you'll just be adding a new payment to your list of expenses.
  - ✔ the interest, fee and opportunity costs result in lower account returns than what you could have earned by keeping the money in the CEOP and paying the interest charged on a bank-issued loan.

If you can avoid tapping into your CEOP before retirement, you'll be giving your savings every opportunity to grow over the long term. If you do tap into your CEOP account for a loan, make sure you pay the loan back as quickly as possible, and continue to make contributions to the CEOP in addition to the loan payments.

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