OLIN CORP
Form DEF 14A
March 21, 2003

# UNITED STATES

# SECURITIES AND EXCHANGE COMMISSION

**WASHINGTON, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a)**

**of the Securities Exchange Act of 1934 (Amendment No. )**

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14A-6(E)(2))

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

# OLIN CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

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¨ Fee paid previously with preliminary materials.

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

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Notes:

Reg. Section 240.14a-101.

SEC 1913 (3-99)

**501 MERRITT 7, NORWALK, CONNECTICUT 06856-4500**

March 21, 2003

Dear Olin Shareholder:

We cordially invite you to attend our 2003 annual meeting of shareholders.

This booklet includes the notice and proxy statement, which describes the business we will conduct at the meeting and provides information about Olin that you should consider when you vote your shares. We have not planned a communications segment or any multimedia presentations for the 2003 annual meeting.

Whether or not you plan to attend, it is important that your shares are represented and voted at the annual meeting. If you do not plan to attend the annual meeting, you may vote your shares on the Internet, by telephone or by completing and returning the proxy card in the enclosed envelope. If you plan to attend the annual meeting, please bring the lower half of your proxy card to use as your admission ticket for the meeting.

At last year s annual meeting more than 92% of our shares were represented in person or by proxy. We hope for the same high level of representation at this year s meeting and we urge you to vote as soon as possible.

Sincerely,

**Donald W. Griffin**

*Chairman of the Board*

**YOUR VOTE IS IMPORTANT**

**We urge you to promptly vote your shares on the**

**Internet, by telephone or by completing, signing, dating**

**and returning your proxy card in the enclosed envelope.**

# OLIN CORPORATION

## Notice of Annual Meeting of Shareholders

**Time:** 8:30 a.m. (Eastern Daylight time)

**Date:** Thursday, April 24, 2003

**Place:** The Conference Center 201 Merritt 7 Norwalk, Connecticut 06880

**Purpose:** To consider and act upon the following:

(1) The election of two Directors to serve for three-year terms expiring in 2006, and one Director to serve until 2004.

(2) Approval of the Olin Corporation 2003 Long Term Incentive Plan.

(3) Approval of the Amended and Restated 1997 Stock Plan for Non-employee Directors.

(4) Ratification of the appointment of independent auditors for 2003.

(5) Shareholder proposal if presented at the meeting.

(6) Such other business that is properly presented at the meeting.

**Who May Vote:** You may vote if you were the record owner of Olin common stock at the close of business on February 28, 2003.

By Order of the Board of Directors:

**George H. Pain**

*Secretary*

Norwalk, Connecticut

March 21, 2003

**OLIN CORPORATION**

**PROXY STATEMENT**

**ANNUAL MEETING OF SHAREHOLDERS**

**To be Held April 24, 2003**

## ***GENERAL QUESTIONS***

***Why did I receive this proxy statement?***

You received this proxy statement because you owned shares of Olin common stock, which we refer to as common stock, unless noted otherwise, at the close of business on February 28, 2003. Olin s Board of Directors is asking you to vote at the 2003 annual meeting for each of the Director nominees identified in Item 1, for Items 2, 3, and 4 and against Item 5 listed in the notice of the annual meeting of shareholders. This proxy statement describes the matters on which we would like you to vote and provides information so that you can make an informed decision.

***When was this proxy material mailed to shareholders?***

We began to mail the proxy statement and form of proxy to shareholders on or about March 21, 2003.

***What if I have questions?***

If you have questions, please write them down and send them to the Secretary at Olin s principal executive office at 501 Merritt 7, PO Box 4500, Norwalk, CT 06856-4500.

***What will I be voting on?***

You will be voting on:

(1) the election of three Directors,

(2) the approval of the Olin Corporation 2003 Long Term Incentive Plan,

(3) the approval of the Amended and Restated 1997 Stock Plan for Non-employee Directors,

(4) the ratification of KPMG LLP as Olin s independent auditors for 2003,

(5) a shareholder proposal if presented at the meeting, and

(6) any other business if properly presented at the annual meeting.

***Could other matters be voted on at the annual meeting?***

As of March 21, 2003, the election of three Directors, the approval of the Olin Corporation 2003 Long Term Incentive Plan, the approval of the Amended and Restated 1997 Stock Plan for Non-employee Directors, the ratification of KPMG LLP as Olin s independent auditors for 2003 and a shareholder proposal are the only matters being presented for consideration. We know of no other matters to be considered at the annual meeting. If any other matters are properly presented for action, the persons named in the accompanying form of proxy will vote the proxy in accordance with their best judgment and opinion as to what is in the best interests of Olin.

***How does the Board recommend I vote on the proposals?***

The Board recommends a vote for each of the Director nominees identified in Item 1 and for Items 2, 3, and 4 and a vote against Item 5.

## ***VOTING***

***Who can vote?***

All shareholders of record at the close of business on February 28, 2003 are entitled to vote at the annual meeting.

***How many votes can be cast by all shareholders?***

At the close of business on February 28, 2003, the record date for voting, we had outstanding 57,789,087 shares of Olin common stock, par value $1 per share. Each shareholder on the record date may cast one vote for each full share owned.

***How do I vote?***

You may vote either in person at the annual meeting or by proxy. To vote by proxy, you must select one of the following options:

- **Complete the enclosed proxy card:**
  - Complete all of the required information on the proxy card.
  - Date and sign the proxy card.
  - Return the proxy card in the enclosed postage-paid envelope. We must receive the proxy card not later than the day before the annual meeting for your proxy to be valid and for your vote to count.
  - If you are not the shareholder of record and hold shares through a custodian, broker or other agent, such agent may have special voting instructions that you should follow.
- **Vote by telephone** (telephone voting instructions are printed on the proxy card):
  - Call the toll-free voting telephone number: 1-800-435-6710.
  - Enter your voter control number located at the bottom of your proxy card.
  - Follow and comply with the recorded instructions before the indicated deadline on April 23, 2003.

- If you are not the shareholder of record and hold shares through a custodian, broker or other agent, such agent may have special voting instructions that you should follow.

- **Vote on the Internet** (Internet voting instructions are printed on the proxy card):

  - Access http://www.eproxy.com/oln
  - Follow the instructions provided on the site and log on using your voter control number located at the bottom of your proxy card.
  - Submit the electronic proxy before the indicated deadline on April 23, 2003.
  - If you are not the shareholder of record but hold shares through a custodian, broker or other agent, such agent may have special voting instructions that you should follow.

Telephone and Internet voting ends at 11:00 p.m., Eastern Daylight time, on April 23, 2003. If you vote in a timely manner by the Internet or telephone, you do **not** have to return your proxy card for your vote to count. Please be aware that if you vote on the Internet, you may incur costs such as normal telephone and Internet access charges for which you will be responsible.

The Internet and telephone voting procedures use a control number. Your control number appears on the bottom of the enclosed proxy card. The control number also lets you log on to change your vote or to confirm that your vote has been properly recorded.

If you want to vote in person at the annual meeting, and you own your Olin shares through a custodian, broker or other agent, you must obtain a proxy from that party in their capacity as owner of record for your shares and bring the proxy to the annual meeting.

***How are votes counted?***

If you specifically mark your proxy card (or vote by telephone or Internet) and indicate how you want your vote to be cast regarding any matter, your directions will be followed. If you submit your proxy card but do not specifically mark it with your instructions as to how you want to vote, your proxy will be voted for the election of the Directors and in favor of Items 2, 3 and 4 listed in the proxy. If you do not indicate how you wish to vote for Item 5, it will not be counted either in favor of or against the proposal.

If you submit a proxy card marked abstain or withhold on any item, your shares will not be voted on the item so marked and your vote will not be included in determining the number of votes cast for that matter.

***Can I change my vote?***

Yes. Even if you submit a proxy card with your voting instructions, you may revoke or change it in person at the meeting any time before it is exercised or in a timely manner before the expiration of the voting deadlines by:

- submitting another written proxy with a later date,
- casting a new vote on the Internet or by telephone,
- sending a written notice of the change in your voting instructions to the Secretary if received before the annual meeting, or
- revoking the grant of a previously submitted proxy and voting in person at the annual meeting.

***When are the votes due?***

Shares represented by proxies on the enclosed proxy card will be counted in the vote at the annual meeting if we receive your proxy card by April 23, 2003. Proxies submitted by the Internet or by telephone will be counted in the vote only if they are received by 11:00 p.m., Eastern Daylight time on April 23, 2003.

***How do I vote my shares held in the Olin Contributing Employee Ownership Plan or the Arch Chemicals, Inc. Contributing Employee Ownership Plan?***

On February 28, 2003, 7,621,128 shares were held in the Olin common stock fund of the Olin Corporation Contributing Employee Ownership Plan and 773,610 shares were held in the Olin common stock fund of the Arch Chemicals, Inc. Contributing Employee Ownership Plan. We sometimes refer to one or both of these plans as the CEOP. JPMorgan Chase Bank, as the Trustee of the CEOP, holds all of those shares. If you are a participant in the CEOP, you may instruct JPMorgan Chase Bank how to vote shares of common stock credited to you by indicating your instructions on your proxy card and returning it to us or by voting on the Internet or telephone. JPMorgan Chase Bank will vote shares of common stock held in the CEOP for which it does **not** receive voting instructions, or which are not credited to participants accounts, in the same manner proportionately as it votes the shares of common stock for which they **do** receive instructions.

***How do I vote my shares held in the Automatic Dividend Reinvestment Plan?***

Mellon Investor Services LLC is our registrar and transfer agent and administers the Automatic Dividend Reinvestment Plan. If you participate in our Automatic Dividend Reinvestment Plan, Mellon will vote any shares of common stock that it holds for you in accordance with your instructions indicated on the proxy card you return or the vote you make by Internet or telephone. If you do not submit a proxy card for your shares of record or vote by Internet or telephone, Mellon Investor Services LLC will not vote your dividend reinvestment shares.

## *MISCELLANEOUS*

***Who pays for this proxy solicitation?***

Olin will pay the entire expense of this proxy solicitation.

***Who solicits the proxies and what is the cost of this proxy solicitation?***

We have hired Georgeson Shareholder Communications Inc., a proxy solicitation firm, to assist us with the distribution of proxy materials and vote solicitation. We will pay Georgeson approximately $11,500 for its services and will reimburse Georgeson for payments made to brokers and other nominees for their expenses in forwarding proxy solicitation materials.

***How will the proxies be solicited?***

Georgeson will solicit proxies by personal interview, mail, and telephone, and will request brokerage houses and other custodians, brokers and other agents to forward proxy solicitation materials to the beneficial owners of Olin common stock for whom they hold shares. Our Directors, officers and employees may also solicit proxies by personal interview and telephone.

***How can I submit a shareholder proposal at the 2004 annual meeting?***

If you want to present a proposal to be considered for inclusion in the 2004 proxy statement for the 2004 annual meeting, you must deliver the proposal in writing to the Secretary at Olin Corporation, 501 Merritt 7, PO Box 4500, Norwalk, CT 06856-4500 no later than November 14, 2003. You must then present your proposal in person at the 2004 annual meeting.

If you want to present a proposal for consideration at the 2004 annual meeting without including your proposal in the proxy statement, you must deliver a written notice (containing the information required by Olin s By-Laws) to the Secretary at Olin Corporation, 501 Merritt 7, PO Box 4500, Norwalk, CT 06856-4500 no later than January 26, 2004. You must also present your proposal in person at the 2004 annual meeting.

***How can I nominate a Director for election to the Board?***

According to Olin s By-Laws, you may nominate an individual for election to the Board if you deliver a written notice of the nomination to Olin s Secretary no later than January 26, 2004. Your notice must include:

- your name and address;
- the name and address of the person you are nominating;
- a statement that you are entitled to vote at the annual meeting and intend to appear at the annual meeting in person, or by proxy, to make the nomination;
- a description of arrangements or understandings between you and others, if any, pursuant to which you are making the nomination;
- such other information about the nominee as would be required in a proxy statement filed under the Securities and Exchange Commission proxy rules; and
- the written consent of the nominee to actually serve as a Director, if elected.

## CERTAIN BENEFICIAL OWNERS

***Does any single shareholder own or control 5% or more of Olin s common stock?***

Except as listed below, no person beneficially owned more than five percent of our common stock as of December 31, 2002.

| Name and Address of Beneficial Owner | Amount and Nature of Beneficial Ownership | Percent of Class |
|---|---|---|
| Citigroup Inc.<br>399 Park Avenue<br>New York, NY 10043 | 4,281,539(a) | 7.4 |
| FMR Corp.<br>82 Devonshire Street<br>Boston, MA 02109 | 5,064,311(b) | 8.8 |

(a) Olin has been advised in a Schedule 13G filing dated as of February 12, 2003 as follows with respect to these shares: Citicorp Banking Corporation (CBC) is the sole stockholder of Court Square Capital Limited (CSCL). Citicorp is the sole stockholder of CBC. Citigroup Holdings Company (CHC) is the sole stockholder of Citicorp. Citigroup Inc. is the sole stockholder of CHC. With respect to 4,261,365 of the shares, Citigroup Inc. shares voting and dispositive power with CBC, CSCL, Citicorp and CHC.

(b) Olin has been advised in an amended Schedule 13G filing dated as of February 13, 2003 as follows with respect to these shares: FMR Corp. (FMR) has sole voting power as to 523,351 of such shares and sole dispositive power as to all such shares. Fidelity Management & Research Company (Fidelity) and Fidelity Management Trust Company (Trust) beneficially own 4,540,960 and 523,160 shares. Both are subsidiaries of FMR. Edward C. Johnson 3rd (Johnson), Chairman of FMR, and FMR each have dispositive power with respect to all such shares. Neither FMR nor Johnson has sole voting power with respect to the shares, which power rests with the Board of Trustees. Geode Capital Management, LLC, which is wholly-owned by Fidelity Investors III Limited Partnership, is the beneficial owner of 191 shares. Members of the Johnson family are the predominant owners of Class B shares of common stock of FMR, representing approximately 49% of the voting power of FMR. Abigail P. Johnson is a director of FMR. The Johnson family group and all other Class B shareholders have entered into a shareholders voting agreement under which all Class B shares will be voted in accordance with the majority vote of Class B shares. Accordingly, through their ownership of voting common stock and the execution of the shareholders voting agreement, members of the Johnson family may be deemed to form a controlling group with respect to FMR.

## ITEM 1 PROPOSAL FOR THE ELECTION OF DIRECTORS

***Who are the individuals nominated by the Board to serve as Directors?***

The Board of Directors is divided into three classes. Each class has a term of office for three years, and the term of each class ends in a different year. The Board has nominated two persons, each of whom is listed under Nominees for Three-Year Terms Expiring in 2006, for election as Class III Directors to serve until the 2006 annual meeting of shareholders and until their successors have been elected. One of those nominees, William W. Higgins, currently serves as a Class III Director. The other, Mr. James G. Hascall, was elected by the Board of Directors pursuant to Olin s By-laws as a new Class I director on February 18, 2003. Olin s By-laws require that any director elected by the Board of Directors shall serve only until the next election of Directors by the shareholders. The Board has nominated Mr. Hascall for election by the shareholders as a Class III Director. The Board has also nominated Donald W. Griffin for election as a Class I Director, with a term expiring in 2004. The terms of the other Directors will continue after the annual meeting as indicated below.

The Board expects that all of the nominees will be able to serve as Directors. If any nominee is unable to accept election, a proxy voting in favor of such nominee will be voted for the election of a substitute nominee selected by the Board, unless the Board reduces the number of Directors.

### CLASS III

### NOMINEES FOR THREE-YEAR TERMS EXPIRING IN 2006

WILLIAM W. HIGGINS, 67, retired as a Senior Vice President of The Chase Manhattan Bank, N.A. (a national bank) and a senior credit executive of its Institutional Bank in December 1990. He joined the bank in 1959 after receiving a BA degree from Amherst College and an MBA degree from Harvard Business School. He was appointed Assistant Treasurer in 1962, Second Vice President in 1965 and Vice President in 1968. He was appointed a Senior Vice President and a Credit Policy Executive in 1983. From 1979 to 1983, he served as Deputy Sector Credit Executive of the Corporate Industries Sector. Prior to that, he was Group Credit Officer of the Corporate Banking Department and before that, District Executive of the Petroleum Division of the same Department. He is a Director and former Chairman of the Greenwich Emergency Medical Service, Inc. (a not-for-profit corporation) in Greenwich, CT. He is past President of the Belle Haven Landowners Association in Greenwich, a former member of the Representative Town Meeting in Greenwich, and a former trustee of the Canterbury School in New Milford, Connecticut. He is a Director of The Greenwich Bank & Trust Company (a state banking institution). Olin Director since 1964; Chair of the Audit Committee and member of the Directors and Corporate Governance Committee and the Executive Committee.

JAMES G. HASCALL, 64, was Chairman and Chief Executive Officer of Primex Technologies, Inc. (an ordnance and aerospace contractor), a position he assumed in 1997 when Primex was spun off from Olin Corporation, until his retirement in January of 2001 when Primex merged into General Dynamics. From January 1996 through December 1996, Mr. Hascall served as Executive Vice President of Olin, having operating responsibility for Olin s Brass (currently the Metals Group), Winchester, Ordnance and Aerospace Divisions. From 1985 through 1995, Mr. Hascall served as President of Olin s Brass Division (currently the Metals Group). He was an Olin Corporate Vice President from 1985 to 1990 and a Senior Vice President from 1990 to December 1995. Mr. Hascall earned a Bachelor of Science degree in Industrial Engineering from Washington University, St. Louis, Missouri in 1966. Olin Director since 2003.

**CLASS I**

**NOMINEE FOR TERM EXPIRING IN 2004**

DONALD W. GRIFFIN, 66, is Chairman of Olin, a position he has held since 1996. Until January 1, 2002 he also served as Olin s President and Chief Executive Officer. He joined Olin in 1961 and from 1963 served in a variety of Brass Division, which subsequently became the Metals Group, marketing positions, including director of international business development and vice president, marketing. In 1983, he was elected a corporate Vice President and President of the Brass Group, currently the Metals Group. In 1985, he was named President of the Winchester Group; in 1986, President of the Defense Systems Group; in 1987, Executive Vice President; in 1993, Vice Chairman-Operations; in 1994, President and Chief Operating Officer; in January 1996, Chief Executive Officer; and in April 1996, Chairman. He is a graduate of the University of Evansville, Evansville, IN and completed the Graduate School for Sales and Marketing Managers at Syracuse University, Syracuse, NY. Mr. Griffin is a Director of Eastman Chemical Company (a manufacturer of chemicals, fiber and plastics products) and Barnes Group Inc. (a manufacturer and distributor of precision metal parts and industrial supplies). He is also a Director of the Sporting Arms and Ammunition Manufacturers Institute, the Wildlife Management Institute and the National Shooting Sports Foundation. He is on the Board of Trustees of the Buffalo Bill Historical Center and the University of Evansville. He is a life member of the Navy League of the United States and the Surface Navy Association. Olin Director since 1990; Chair of the Executive Committee.

**The Board recommends that you vote FOR the election of Mr. Higgins and Mr. Hascall as Class III Directors, and FOR the election of Mr. Griffin as a Class I Director.**

***How many votes are required to elect a Director?***

A nominee will be elected as a Director if a plurality of the votes cast in the election is in favor of the nominee. Abstentions and shares held in street name that are not voted in the election of Directors will not be included in determining the number of votes cast.

***Who are the other remaining Directors and when are their terms scheduled to expire?***

The terms of the following Directors will continue after the 2003 annual meeting, as indicated below.

**CLASS I**

**DIRECTORS WHOSE TERMS CONTINUE UNTIL 2004**

RANDALL W. LARRIMORE, 55, served as President and Chief Executive Officer of United Stationers Inc., a wholesale distributor of office products, from 1997 until his retirement in December 2002. From 1988 until 1997, he was President and Chief Executive Officer of MasterBrand Industries, Inc., a subsidiary of Fortune Brands, Inc. (a consumer products company). He holds a BA degree from Swarthmore College and an MBA degree from the Harvard Business School. He is a member of the Board of Directors of Campbell Soup Company (a manufacturer and marketer of soup and other food products) and Evanston Northwestern Healthcare (an academic healthcare system). He is also trustee of Lake Forest Academy. Olin Director since 1998; Chair of the Directors and Corporate Governance Committee and member of the Compensation Committee and the Executive Committee.

ANTHONY W. RUGGIERO, 61, is Executive Vice President and Chief Financial Officer of Olin, a position he has held since January 1999. He joined Olin in 1995 as Senior Vice President and Chief Financial Officer. Mr. Ruggiero served as Senior Vice President and Chief Financial Officer of The Reader s Digest Association, Inc. (a publisher and direct marketer) from 1990 to 1995. He joined Squibb Corporation (a producer and distributor of medicines) in 1969 and served as Senior Vice President and Chief Financial Officer and a Director from 1983 to 1990. He holds a BS degree from Fordham University, an MBA degree from the Columbia Business School, and a Post Master s Certificate in Accounting. He is a member of the Financial Executives Institute, a Director and Audit Committee Chair of Carlisle Companies Incorporated (a manufacturer and distributor of products for the roofing, construction, trucking, automotive, food service, industrial equipment, lawn and garden and aircraft manufacturing industries). He is also a former Director and Audit Committee Chair of Primex Technologies, Inc. (an ordnance and aerospace contractor). Olin Director since 1999.

**CLASS II**

**DIRECTORS WHOSE TERMS CONTINUE UNTIL 2005**

G. JACKSON RATCLIFFE, JR., 67, is Chairman of Hubbell Incorporated, an international manufacturer of electrical and electronic products, a position he has held since 1987. From 1987 to 2001, he also served as President and Chief Executive Officer of Hubbell. He holds an AB degree from Duke University and a JD degree from the University of Virginia. Mr. Ratcliffe is a member of the Board of Directors of Hubbell, Praxair, Inc. (a supplier of atmospheric, process and specialty gases, high-performance coatings and related services and technologies), Sunoco, Inc. (a manufacturer of petroleum and petrochemical products) and Barnes Group Inc. (a manufacturer and distributor of precision metal parts and industrial supplies). Olin Director since 1990; Chair of the Compensation Committee and member of the Directors and Corporate Governance Committee and the Executive Committee.

RICHARD M. ROMPALA, 56, is Chairman and Chief Executive Officer of The Valspar Corporation, a manufacturer and distributor of paints and coatings. Mr. Rompala has held the position of Chairman of Valspar since 1998 and Chief Executive Officer of Valspar since 1995. From 1994-2001, he also served as President of Valspar. Prior to 1994, Mr. Rompala served as Group Vice President-Coatings and Resins for two years and Group Vice President-Chemicals for five years at PPG Industries, Inc. (a supplier of sealants, coatings, application systems and cockpit transparencies). Mr. Rompala holds a BA degree in Chemistry and a BS degree in Chemical Engineering from Columbia University and an MBA degree from Harvard Business School. He is a Director of The Valspar Corporation. Olin Director since 1998; member of the Audit Committee, Directors and Corporate Governance Committee and the Compensation Committee.

JOSEPH D. RUPP, 52, is President and Chief Executive Officer of Olin, a position he has held since January 2002. Prior to that and since March 2001, he was Executive Vice President, Operations, and was responsible for all Olin business operations including the Brass Division, (currently the Metals Group), Winchester and Chlor Alkali Products. He joined Olin s Brass Division, currently the Metals Group, in 1972 and held a number of positions of increasing responsibility in the Brass Division, currently the Metals Group, manufacturing and engineering organization. In 1985, he was appointed Vice President, Manufacturing and Engineering. He was appointed President of Olin Brass, currently the Metals Group, and a Corporate Vice President in 1996. He holds a BS degree in Metallurgical Engineering from the University of Missouri, Rolla. Olin Director since 2002.

## ADDITIONAL INFORMATION REGARDING THE BOARD OF DIRECTORS

### How many meetings did Board members attend?

During 2002, the Board held eleven meetings. The average attendance by directors at meetings of the Board and committees of the Board on which they served was 99%. Each director attended at least 94% of such meetings.

### What are the committees of the Board?

The *Audit Committee*, which held five meetings during 2002, advises the Board on internal and external audit matters affecting us. The audit committee:

- recommends the appointment of our independent auditors, reviews with such auditors the scope and results of their examination of our financial statements and any investigations and surveys by such auditors;
- approves and monitors non-audit services performed by our independent auditor;
- reviews its charter annually and publishes the charter in the annual meeting proxy statement in accordance with Securities and Exchange Commission (SEC) regulations;
- reviews our annual audited financial statements before filing or distribution;
- reviews with management and our independent auditors, the interim financial results and related press releases before issuance to the public;
- reviews audit plans, activities and reports of our internal and regulatory audit departments;
- reviews the presentations by management and our independent auditors regarding our financial results;
- monitors our litigation process including major litigation and other legal matters that impact our financial statements or compliance with the law;
- monitors our insurance and risk management process; and
- oversees our ethics and business conduct programs and procedures.

The *Compensation Committee*, which held five meetings during 2002, sets policy, develops and monitors strategies for, and administers the programs that are used to compensate the chief executive officer and other senior executives. The compensation committee:

- approves the salary plans for senior executives including their total direct compensation opportunity, comprised of base salary, annual incentive standard and long-term incentive guideline award;
- approves the measures, goals, objectives, weighting, payout matrices, performance certification and actual payouts for the incentive compensation plans;
- administers the incentive compensation plans, stock option plans and long-term incentive plans;
- issues an annual report on executive compensation that appears in this proxy statement;
- approves executive and change-in-control agreements;
- approves and adopts new tax-qualified and non-qualified pension plans, approves terminations of tax-qualified and non-qualified pension plans, administers deferred compensation arrangements, administers the Senior Executive Pension Plan and makes recommendations to the Board on any other matters pertaining to the pension, 401(k) and other plans which the compensation committee deems appropriate; and
- advises the Board on the compensation of directors.

The *Directors and Corporate Governance Committee*, which held three meetings during 2002, assists the Board in fulfilling its responsibility to our shareholders relating to the selection and nomination of officers and Directors. The directors and corporate governance committee:

- makes recommendations to the Board regarding the election of the chief executive officer;
- reviews the nominees for our other officers;
- annually evaluates the performance of the chief executive officer;
- makes recommendations to the Board regarding the size and composition of the Board and the qualifications and experience that might be sought in Board nominees;
- seeks out and recommends possible candidates for nomination and considers recommendations by shareholders, management, employees and others for candidates for nomination and renomination as Directors;
- assesses whether the qualifications and experience of Board nominees meet the current needs of the Board;
- reviews plans for management development and succession;
- periodically reviews corporate governance trends, issues and best practices and makes recommendations to the Board regarding the adoption of best practices most appropriate for the governance of the affairs of the Board;
- reviews and makes recommendations to the Board regarding the composition, duties and responsibilities of various Board committees;
- reviews and advises the Board on such matters as protection against liability and indemnification; and
- reports periodically to the Board on the performance of the Board itself as a whole.

The *Executive Committee* meets as needed in accordance with our By-laws. Between meetings of the Board, the executive committee may exercise all the power and authority of the Board (including authority and power over our financial affairs) except for matters reserved to the full Board by Virginia law and matters for which the Board gives specific directions. During 2002, this committee held no meetings.

***How are the Directors compensated?***

During 2002, we compensated each non-employee Director on the Board with:

- an annual retainer of $30,000, of which $25,000 was paid or credited in the form of shares of common stock;
- shares of common stock with an aggregate fair market value equal to $24,000, rounded to the nearest 100 shares;
- a fee of $1,500 for each meeting of the Board and for each meeting of a committee of the Board attended by a committee member;
- a $5,000 annual fee for committee chairs;
- reimbursement for expenses incurred in the performance of their duties as Directors;
- a 50% matching contribution to an eligible institution for gifts made by a Director to such institution, up to a maximum of $5,000 per Director per year and
- insurance coverage including: director s liability insurance, personal excess liability coverage of $5 million per director, and coverage while on Company business under our business travel accident insurance policy.

We have proposed certain changes to the directors compensation plan discussed under the section entitled Item 3 Proposal to Approve Amended and Restated 1997 Stock Plan for Non-employee Directors.

Directors may elect to receive common stock instead of cash for any portion of their cash compensation and to defer any stock or cash payments. Deferred cash is credited with interest quarterly and deferred shares are credited with dividend equivalents. Deferred shares are paid out in shares of common stock, or at the Director s election, in cash. If there is a Change in Control as defined in the 1997 Stock Plan for Non-employee Directors, (what we refer to as the Directors Plan) the balance of any deferred account is paid to the Directors.

The Directors Plan also holds, as phantom shares, the shares of common stock of Arch Chemicals, Inc. issued to any Director as a dividend distribution on their shares of Olin common stock held in their Directors Plan accounts at the time of the spin-off of Arch Chemicals, Inc. Those Arch Chemicals, Inc. phantom shares are payable only in cash, unless a Director elects to transfer the Arch Chemicals, Inc. phantom shares into their Olin common stock accounts.

Directors who are also employees of Olin do not receive any extra compensation for their services as Directors.

Mr. Donald Griffin, Chairman of the Board, retired as an employee of Olin effective April 30, 2002. Upon becoming a non-employee director under the Directors Plan, Mr. Griffin waived his pro rata portions of the non-employee director $25,000 annual stock retainer and the $5,000 excess retainer. Mr. Griffin received a pro rata portion of the $24,000 annual stock grant described above for the period he was a non-employee director in 2002. The Board awarded him a cash retainer of $200,000 for the period May 2002 through April 2003 for his service as Chairman of the Board after his retirement. Mr. Griffin also received $9,000 in fees for 2002 Board meetings he attended after April 30, 2002. From May 1 through December 31, 2002, he received $14,451 for Company automobile expenses. He continues to receive an automobile allowance and other incidental benefits, which in the aggregate do not exceed $35,000 annually.

**Report of the Audit Committee**

The audit committee held five meetings during 2002. The purpose of the meetings was to monitor the integrity of the Corporation s financial reporting process and systems of internal control, evaluate the independence and performance of the Corporation s independent auditors and internal audit functions and facilitate and encourage private communication between the audit committee and the internal auditors and our independent public accountants, KPMG LLP.

The audit committee consists of three Directors, all of whom are independent Directors under current and proposed New York Stock Exchange (NYSE) listing standards. In 2002, the Directors on the audit committee included William W. Higgins, Stephen F. Page and Richard M. Rompala. The audit committee acts under a written Charter adopted by the Board of Directors in 1997, and reviewed and updated in 2001.

The audit committee reviewed and discussed the audited financial statements for fiscal year 2002 with management and the independent auditors. Specifically, the audit committee has discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standards (SAS) 61 (Codification of Statements on Auditing Standards, AU Section 380), which include, among other things:

- methods Olin used to account for significant and unusual transactions;
- the effect of important accounting policies in controversial or emerging areas for which there is no authoritative guidance;
- the process management used to formulate sensitive accounting estimates and the auditor s conclusions regarding the reasonableness of those accounting estimates; and
- disagreements with management over the application of accounting principles, the basis for management s accounting estimates, and the disclosures in the financial statements.

In addition, the audit committee received the written disclosures and a letter from the Company s independent accountants, KPMG LLP, required by Independence Standards Board Standard No. 1, INDEPENDENCE DISCUSSIONS WITH AUDIT COMMITTEES. The audit committee discussed with KPMG the issue of its independence from Olin. The audit committee also reviewed the fees paid to KPMG during 2002 and concluded that all of the work performed was permissible under current standards and would not impair KPMG s independence.

Based on the audit committee s discussions with management and the independent accountants and the audit committee s review of the report of the independent accountants and the other materials discussed above, the audit committee recommended that the Board of Directors include the audited consolidated financial statements in Olin s Annual Report on Form 10-K for the year ended December 31, 2002 filed with the Securities and Exchange Commission.

February 27, 2003

**William W. Higgins, Chairman**

**Stephen F. Page**

**Richard M. Rompala**

## SECURITY OWNERSHIP OF DIRECTORS AND OFFICERS

***How much stock is beneficially owned by each Director and nominee for Director and by the individuals named in the Summary Compensation Table?***

This table shows how many shares of our common stock certain persons beneficially owned on January 15, 2003. Those persons include each Director and Director nominee, each individual named in the Summary Compensation Table on page 19, and all current Directors and executive officers as a group. A person has beneficial ownership of shares if the person has voting or investment power over the shares or the right to acquire such power within 60 days. Investment power means the power to direct the sale or other disposition of the shares. Each person has sole voting and investment power over the number of shares listed, except as noted in the following table.

| Name of Beneficial Owner | No. of Shares Beneficially Owned (a) | Percent of Common Stock (b) |
|---|---|---|
| Donald W. Griffin | 875,092 | 1.5 |
| James. G. Hascall | 0 | |
| William W. Higgins (c) | 238,458 | |
| Randall W. Larrimore | 23,448 | |
| Stephen F. Page | 14,442 | |
| G. Jackson Ratcliffe, Jr. | 29,603 | |
| Richard M. Rompala | 23,738 | |
| Joseph D. Rupp | 226,515 | |
| Anthony W. Ruggiero | 375,594 | |
| Thomas M. Gura | 173,988 | |
| Peter C. Kosche (d) | 236,025 | |
| John L. McIntosh | 114,453 | |
| Directors and executive officers as a group, including those named above (16 persons) (c,d) | 2,611,321 | 4.4 |

(a) Includes shares credited under the CEOP on January 15, 2003, shares of common stock credited to deferred accounts under the Directors Plan, and shares that may be acquired within 60 days (by March 15, 2003) through the exercise of stock options as follows:

| Name | Number of Shares Held in Director Deferred Accounts* | Number of Shares Subject to Options Exercisable in 60 days |
|---|---|---|
| Mr. Griffin | 1,000 | 784,425 |
| Mr. Hascall | 0 | |
| Mr. Higgins | 25,627 | |
| Mr. Larrimore | 22,948 | |
| Mr. Page | 12,442 | |
| Mr. Ratcliffe | 27,603 | |
| Mr. Rompala | 23,238 | |
| Mr. Rupp | | 181,788 |
| Mr. Ruggiero | | 320,033 |
| Mr. Gura | | 139,896 |
| Mr. Kosche | | 209,502 |
| Mr. McIntosh | | 106,676 |

| | | |
|---|---|---|
| Directors and executive officers as a group, including those named above (16 persons) | 112,858 | 1,982,823 |

* Such shares have no voting rights.

(b) Unless otherwise indicated, beneficial ownership does not exceed 1% of the outstanding shares of common stock.

(c) Includes 89,793 shares held in two trusts of which his spouse is beneficiary and co-trustee; and 42,300 shares held in three trusts of which Mr. Higgins is co-trustee and his children are beneficiaries; does not include 144,677 shares held in three trusts, in which his spouse has an interest. Mr. Higgins disclaims beneficial ownership of all such shares.
(d) Includes 838 shares held by Mr. Kosche s minor daughter.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 requires our officers and Directors, and persons who own more than ten percent of our common stock, to file reports of ownership and changes in ownership with the Securities and Exchange Commission, and these persons must furnish us with copies of the forms they file. Based solely on our review of the copies of these forms furnished to us and on written representations, we believe that our officers, Directors and ten-percent beneficial owners complied with all Section 16(a) filing requirements.

## EXECUTIVE COMPENSATION

### Report of the Compensation Committee on Executive Compensation for 2002

***Compensation Philosophy***

Olin designs its executive compensation policies and programs based on specific objectives:

- attract, motivate and retain the highest quality executives,
- align executive interests with those of the Company s shareholders,
- provide an incentive to executives to achieve quantifiable financial and other strategic objectives in a manner consistent with the Company s values, and
- unite management as a team, emphasizing group results.

To accomplish these objectives, the Company emphasizes variable compensation, an emphasis consistent with competitive practice.

***Executive Compensation Program as Administered in 2002***

The compensation committee establishes total compensation opportunities listed below (and the three individual components) for the CEO and other named executive officers, based on a competitive analysis, targeted to the median of a group of more than 600 companies that represent general U.S. industry, referred to as the comparator group.

The committee engages independent executive compensation consultants who provide the committee with an annual assessment of the Company s relative position within the comparator group and advice and counsel with respect to the competitiveness of the design and administration of executive compensation programs. The independent consultants also advise the committee on regulatory changes and other matters related to executive compensation practices. The total target compensation opportunity for each executive includes the following components:

- annual base salary;
- annual incentive award opportunity, and

- long term incentive award.

Once the committee determines the total targeted compensation opportunity for the CEO and the other named executive officers, the committee determines the appropriate mix of these three components, again with the advice of outside executive compensation consultants, using the competitive analysis.

**Base Salary**

Joseph D. Rupp was elected President and Chief Executive Officer, effective January 1, 2002. His base salary was increased to $500,000 at that time. Factors utilized by the committee in determining the CEO s 2002 salary included analyses of the comparator group, the scope of his responsibilities and time in the position. The CEO s base salary was well below the median of the comparator group in 2002.

Consistent with the corporation-wide salary freeze for 2002, this Committee did not increase the base salaries of any other named executive except for T.M. Gura, who was promoted to Executive Vice President, Metals Group, in October 2002.

**Annual Incentive Award**

In 2002, Olin significantly changed its annual incentive program to better align awards with performance over the business cycle. Annual incentive awards are paid from a pool of available monies that is a function of Olin Corporation s Earnings Per Share performance for the year.

For the CEO and other named executives, during the first quarter of the year, the Committee establishes the pool generation formula that will be used to generate the total payout pool, the earnings per share level above which a minimum payout pool is generated, the size of the minimum payout pool, the participants and the payout matrix (i.e. the portion of the total payout pool payable to each executive). Following the end of the year, the Committee reviews the financial results, computes the total payout pool and the portion payable to each executive. The Committee retains the discretion to reduce the bonus payable to each executive but any reduction in the amount of one executive s bonus cannot result in an increase in the bonus of another executive.

The Committee decided to make a discretionary award for non-financial accomplishments to the CEO of $134,835. This compares to his annual incentive payout in 2001 of $63,837. The actual awards for each of the other named executives were also discretionary awards based on his individual performance.

**Long Term Incentive Award**

The compensation committee determined the long term incentive award opportunity for each named executive officer in early 2002, based on the competitive analysis described above. Under the current long term incentive program, stock options represent one-half of the aggregate value of the long term incentive award opportunity, and performance share awards make up the other half.

In 2001, Olin made changes in the method used to determine the grant size for stock options by indexing the grant size based on Olin s Total Shareholder Return (TSR) relative to the S&P MidCap 400 companies. The proposed option grant for each named executive is based on the individual long-term incentive award opportunity, and the sum of these proposed option grants determines the aggregate pool of options. This aggregate pool of options is increased or decreased based on Olin s trailing three-year TSR. TSR represents the increase in the fair market value of Olin common stock over the relevant period, including reinvestment of dividends, as calculated for the Performance Graph on page 24. The aggregate pool of options increases by 25% when Olin s TSR falls within the top third relative to the TSR for companies in the S&P MidCap 400. The aggregate pool of options shrinks by 25% when Olin s TSR falls within the bottom third relative to the TSR for companies in the S&P MidCap 400. Olin s 2002 stock option grant pool was at 100% of the aggregate pool of options, because Olin s trailing three-year TSR for the three years ended December 31, 2001 fell in the middle third of the companies in the S&P MidCap 400.

Individual target option grant sizes are fixed by competitive analyses. Actual grants made to individuals may be increased or decreased by up to 25% by this committee (or the CEO for non-officers). The total of all adjusted grants may not exceed the aggregate pool of available options for the year. The CEO and other named executive officers received stock option grants in 2002. The option price was set at the fair market value of common stock on the date of the grant, and the options have a ten-year term. These options vest one-third each year beginning in 2003.

The other half of the individual long term incentive requirement takes the form of performance shares. At the end of a three-year performance cycle, participants receive a performance share award, paid half in shares of Olin common stock and half in cash, based on Olin s average annual return on capital in relation to the average annual return on capital among the S&P MidCap 400 companies. The award may be increased by as much as 50% if Olin s average annual ROC falls in the top 20% of the

S&P MidCap 400 performance and may fall to 25% if Olin s performance drops to the bottom 20% of the S&P MidCap 400 performance. The CEO and other named executive officers received grants of performance shares in 2002.

Section 162(m) of the Internal Revenue Code, or the Code, denies Olin a deduction for compensation paid to a named executive officer in a taxable year, to the extent his compensation that does not meet the definition of performance-based compensation exceeds $1,000,000. Olin structures the stock options, and significant portions of the remaining long term incentive and of the annual incentive, to meet the criteria for performance-based compensation. It is possible, however, that the portions of these awards that do not qualify as performance-based compensation, when combined with salary and other forms of compensation Olin pays to a named executive officer, may exceed this limitation in any particular year.

January 30, 2003

**G. Jackson Ratcliffe, Jr., Chairman**

**Randall W. Larrimore**

**Richard M. Rompala**

This table shows information about compensation for the Chief Executive Officer and the other four most highly compensated executive officers in 2000, 2001 and 2002.

**Summary Compensation Table**

| Name and Principal Position as of December 31, 2002 | Year | Annual Compensation: Salary | Annual Compensation: Bonus | Annual Compensation: Other Annual Compen-sation | Long-Term Compensation: Awards: Securities Underlying Options | Long-Term Compensation: Payouts: Long-Term Incentive Payouts | All Other Compen-sation (b) |
|---|---|---|---|---|---|---|---|
| Joseph D. Rupp | 2002 | $ 500,004 | $ 134,835 | $110,811(a) | 69,000 | $ 0 | $ 35,622 |
| President and | 2001 | 390,008 | 63,837 | (a) | 15,750 | 0 | 28,124 |
| Chief Executive Officer | 2000 | 325,008 | 157,892 | (a) | 80,000 | 0 | 20,252 |
| Anthony W. Ruggiero | 2002 | $ 435,000 | $ 47,039 | (a) | 61,000 | $ 0 | $ 32,334 |
| Executive Vice President and | 2001 | 425,004 | 55,000 | (a) | 27,750 | 0 | 31,130 |
| Chief Financial Officer | 2000 | 415,008 | 158,529 | (a) | 160,000 | 0 | 293,168 |
| Thomas M. Gura | 2002 | $ 352,506 | $ 149,717 | (a) | 43,000 | $ 0 | $ 24,178 |
| Executive Vice President, | 2001 | 333,340 | 42,500 | (a) | 13,500 | 0 | 42,908 |
| Metals Group | 2000 | 300,000 | 180,682 | (a) | 80,000 | 0 | 21,790 |
| Peter C. Kosche | 2002 | $ 352,008 | $ 40,624 | (a) | 45,000 | $ 0 | $ 44,667 |
| Senior Vice President, | 2001 | 352,008 | 47,500 | (a) | 21,000 | 0 | 27,753 |
| Corporate Affairs | 2000 | 340,008 | 135,882 | (a) | 100,000 | 0 | 26,312 |
| John L. McIntosh | 2002 | $ 285,000 | $ 32,072 | (a) | 24,000 | $ 0 | $ 16,634 |
| Vice President and President, | 2001 | 285,000 | 44,739 | (a) | 11,250 | 0 | 25,283 |
| Chlor Alkali Products Division | 2000 | 275,004 | 99,313 | (a) | 60,000 | 0 | 16,780 |

(a) We did not pay any named executive Other annual compensation except for perquisites and other personal benefits, which for each executive officer did not exceed the lesser of $50,000 or 10% of such individual s salary plus bonus, other than Mr. Rupp. Mr. Rupp received $110,811, comprised of $96,891 for relocation expenses and $13,920 for Company automobile expenses.

(b) Amounts reported in this column for 2002 are comprised of the following items:

| | Exercise of Arch Stock Options (1) | CEOP Match | Supplemental CEOP (2) | Life Insurance Premiums (3) |
|---|---|---|---|---|
| Joseph D. Rupp | $ 7,170 | $6,062 | $10,100 | $12,290 |
| Anthony W. Ruggiero | 0 | 5,247 | 8,497 | 18,590 |
| Thomas M. Gura | 0 | 6,100 | 5,488 | 12,590 |
| Peter C. Kosche | 17,626 | 6,088 | 5,063 | 15,890 |
| John L. McIntosh | 0 | 4,816 | 2,578 | 9,240 |

(1) Olin employees may exercise their options for shares of Arch Chemicals, Inc. common stock (issued in the 1999 spin-off of Arch Chemicals) for either a cash payment or for Arch Chemicals common stock. Olin pays the difference between the option exercise price and the fair market value of Arch Chemicals common stock at the time of exercise to the employee if he or she elects to take cash, or to Arch, which then issues the appropriate number of shares to the employee, if the employee elects to take stock.

(2) Under the Supplemental CEOP, CEOP participants whose contributions are limited under certain IRS regulations, may make tax deferred contributions as would otherwise be permitted in the CEOP. We match Supplemental CEOP contributions, as we would under the CEOP. The amounts of our matching contributions made on behalf of

the executives are shown.

(3) The key executive life insurance program consists of three types of benefits: active employee life insurance, retiree life insurance and survivor income benefits. At the executive s option, the survivor income benefit may be exchanged for additional life insurance. The amounts shown represent the total premiums we paid in 2002 for these three benefits.

## Stock Option Plans

We grant to key employees, selected by the compensation committee, options to purchase shares of common stock. The option price must be at least the fair market value of the common stock on the date of the grant and the options may not be exercised later than ten years from such date. Instead of requiring an optionee to pay cash, the compensation committee may permit an optionee to pay the exercise price of the options with common stock, valued at the market price on the date of exercise. Our option plans do not provide for repricing or, except for anti-dilution adjustments, other adjustments to the exercise price.

This table provides information about stock options we granted in 2002 to the individuals named in the Summary Compensation Table on page 19.

### Option Grants of Common Stock in 2002

| | Individual Grants | | | | | |
|---|---|---|---|---|---|---|
| | | | | | Potential Realizable Value at Assumed Rates of Stock Price Appreciation for Option Term (c,d) | |
| Name | Number of Securities Underlying Options Granted (a) | % of Total Options Granted to All Employees in 2002 | Exercise Price | Expiration Date | 5% | 10% |
| Joseph D. Rupp | 69,000 | 9.8 | $ 16.10 | 2/13/12 | $ 698,639 | $ 1,770,488 |
| Anthony W. Ruggiero | 61,000 | 8.6 | 16.10 | 2/13/12 | 617,637 | 1,565,214 |
| Thomas M. Gura | 43,000 | 6.1 | 16.10 | 2/13/12 | 435,384 | 1,103,348 |
| Peter C. Kosche | 45,000 | 6.4 | 16.10 | 2/13/12 | 455,634 | 1,154,666 |
| John L. McIntosh | 24,000 | 3.4 | 16.10 | | | |