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PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the Olin's fourth-quarter 2008 earnings conference call. My name is Michelle and I will be your coordinator for today.

At this time, all participants are in a listen-only mode. We will be facilitating a question-and-answer session towards the end of today's conference. (Operator Instructions) As a reminder, this conference is being recorded for replay purposes.

I would now like to turn the presentation over to your host for today, Mr. Joseph Rupp. Please proceed.

Joseph Rupp - ***Olin Corporation - Chairman, President & CEO***

Good morning, and thank you for joining us today. With me this morning are John Fischer, Vice President and Chief Financial Officer; John McIntosh, Vice President and President of our Chlor Alkali Products business; and Larry Kromidas, our Assistant Treasurer and Director of Investor Relations.

Last night we announced that earnings from continuing operations in the fourth quarter of 2008 were $47.2 million, or $0.61 per diluted share, compared to $29.6 million, or $0.40 per diluted share, in the fourth quarter of 2007. Both our Chlor Alkali Products and Winchester businesses achieved a record level of earnings in 2008. Sales from continuing operations in the fourth quarter of 2008 were $434.2 million compared to $404.8 million in the fourth quarter of 2007.

Chlor Alkali earned $86.5 million in the fourth quarter, as favorable caustic soda pricing and cost performance allowed the business to overcome historically weak volumes. The fourth quarter operating rate of 67% was well below our initial estimate of the low 80% range, and included a 49% operating rate in December. As a further point of reference, our January month-to-date operating rate has been approximately 60%. Demand was lower from most major customer groups.

In the fourth quarter, Winchester benefited from stronger than normal fourth quarter demand and improved pricing. Our overall fourth-quarter results included a $3.3 million non-cash, pre-tax pension curtailment charge associated with the transition of a portion of our Winchester hourly workforce from a defined benefit plan to a defined contribution pension plan.

For the full year 2008, earnings from continuing operations were $157.7 million, or $2.07 per diluted share, compared to $100.8 million, or $1.36 per diluted share in 2007. Chlor Alkali achieved record full-year earnings of $328.3 million compared to $237.3 million in 2007, while Winchester's record full-year earnings of $32.6 million compared to $26.4 million in 2007. Sales from continuing operations were $1.76 billion in 2008, compared with $1.28 billion in 2007.

Earnings in the first quarter of 2009 are projected to be in the 50 to 65 cent per diluted share range. We have seen a continuation of the weak chlor alkali demand environment experienced in the fourth quarter move into the first quarter of 2009. Our visibility into the total first quarter chlor alkali demand is significantly less than we normally experience. We do expect ECU pricing in the first quarter of 2009 to improve from the fourth quarter of 2008. We expect first quarter 2009 Winchester earnings to be similar to the first quarter of 2008.

Now let me discuss the Chlor Alkali and Winchester segments in more detail. First, Chlor Alkali. The major issue that our Chlor Alkali Products business faced in the fourth quarter was the significant decline in demand that we experienced, and the actions that were taken to mitigate it.

Chlorine and caustic soda volumes declined 30% in the fourth quarter of 2008 compared to the fourth quarter of 2007, and were 31% lower than the third quarter of 2008, which was weaker than normal due to the negative impacts of Hurricanes Gustav and Ike. Chlorine shipments in the fourth quarter of 2008 to vinyls declined 29% and urethanes 64%, compared to the fourth quarter of 2007, while shipments to titanium dioxide producers declined 51%.

On a positive note, year-over-year fourth quarter shipments of hydrochloric acid increased 18%, while fourth quarter bleach shipments were similar to the fourth quarter of 2007.

Early in January, we announced that we had declared force majeure for product shipments from our Henderson, Nevada; Santa Fe Springs, California; and Tracy, California facilities. The force majeure declaration was a result of an unexpected equipment failure at the Henderson facility that occurred during an attempted restart after a scheduled outage. The scheduled outage began on December 1, and as a result, the plant has not operated since. We expect the plant to be restarted by early February.

The Henderson, Nevada plant represents approximately 8% of Olin's chlorine and caustic soda capacity. To satisfy West Coast customer requirements from other facilities, we will incur some cost penalties, including increased transportation costs, in the first quarter of 2009.

In addition, last week we announced that to operate our overall production system in the most cost effective manner, we would not resume operations of our St. Gabriel, Louisiana facility. This plant was shut down for scheduled maintenance late in November and will remain down until the current conversion and expansion project that we've previously announced is completed there. The plant did not operate in December and will not operate until the second quarter. The St. Gabriel, Louisiana plant represents approximately 10% of Olin's chlorine and caustic soda capacity.

In addition to the two major facility shutdowns I just discussed, our Charleston, Tennessee plant had a planned three-day maintenance outage in the fourth quarter, and our Becancour, Canada plant has planned a 14-day outage during the quarter. Finally, in response to low levels of demand, our SunBelt joint venture facility was idled for the last ten days of December. That plant was restarted early in January. Fortunately, our multi-plant structure has allowed us to meet all customer requirements in spite of these plant shutdowns.

The Chlor Alkali fourth quarter earnings of $86.5 million represents the second best level of quarterly earnings ever. The combination of a higher ECU netback and favorable cost performance more than offset the lower volumes. The fourth quarter 2008 ECU netback was $740 compared to $555 in the fourth quarter of 2007, and $660 in the third quarter of 2008. We expect further improvement in ECU netbacks in the first quarter of 2009.

A significant contributor to the favorable cost performance in the fourth quarter of 2008 was the continued realization of synergies from the Pioneer acquisition. During the fourth quarter, we realized approximately $12 million of Pioneer related cost reductions compared to approximately $5 million in the fourth quarter of 2007. Based on this performance, we expect the ongoing full-year benefit from synergies related to the Pioneer acquisition to be in the $45 to $50 million range.

On the cost front, we continued to see the freight cost component of our ECU netback increase, but the rate of increase has declined. Fourth quarter 2008 freight costs were 24% higher than the fourth quarter of 2007, but only increased 3% from the third quarter of 2008. The recent declines in energy prices should have a positive impact in the form of reduced fuel surcharges on freight costs early in 2009.

During October there were additional caustic soda price increases announced of $100 to $125 per ton by the major producers, including Olin. At this point, those increases have not been reflected in the index prices and are not currently expected to be realized in the market. Our first quarter 2009 ECU forecast does not reflect any impact from that October price increase.

Finally, while the current chlor alkali operating environment is proving challenging, I am encouraged by both our cost performance and the performance of our hydrochloric acid and bleach businesses. These products did not experience volume declines in the fourth quarter and we expect as we move forward into 2009, they will provide some counter-balance to the more economically sensitive chlorine and caustic soda demand. As a point of reference, sales of hydrochloric acid and bleach represent approximately 15% of our total Chlor Alkali sales.

Now turning to Winchester. Winchester finished 2008 on a strong note with fourth quarter demand well above normal levels. The increased level of demand began around the November presidential election and has continued into the early part of 2009. The surge in demand by Winchester customers has been focused in the commercial handgun, specialty rifle and rim fire products. We estimate that demand for these products is running 50 to 60% higher than normal. This higher level of demand allowed Winchester's fourth quarter results to exceed our prior expectations.

Winchester earned $3.3 million in the fourth quarter and $32.6 million for the year. The $32.6 million, as I mentioned earlier, was a full year record for the Winchester business. During the fourth quarter, Winchester continued to benefit from improved product pricing and higher volumes which offset higher material costs, including commodity metal costs and higher manufacturing costs.

For the year 2008, the actual copper cost for Winchester increased by 11% compared to 2007, while the average price of lead increased 75%. As a reminder, the Winchester business consumes approximately four times as much lead as it does copper, and the year-over-year increase in actual lead costs equates to approximately $25 million of annual expense. We expect Winchester's commodity metal costs to decline over the course of 2009.

In 2008, Winchester realized a 3% increase in total unit shipments, which was driven by demand for pistol ammunition which increased approximately 11% in 2008 compared to 2007. This was driven by a combination of increased commercial and law enforcement volumes.

Winchester continues to aggressively reduce its manufacturing costs. During the fourth quarter, Winchester completed the relocation of military packing operations from East Alton, Illinois to Oxford, Mississippi. This relocation is expected to generate $2.5 million in annual cost savings. Winchester has now relocated approximately 300 jobs to its low-cost Oxford, Mississippi location.

Finally, I believe Winchester is well positioned to have another strong year in 2009. Winchester's commercial backlog was 23% higher at the start of 2009 than it was at the start of 2008, while the contract backlog, which is made up of orders from law enforcement, industrial and military customers, was 55% higher. The majority of the increase in contract areas is for military orders.

Winchester's 50 caliber SLAP business is now funded into 2010, while the second source contract is funded into 2012. This customer diversification is likely to continue to provide stability to Winchester's business base, and has provided Winchester with a significant growth opportunity.

Before I turn the call over to John, I'd like to emphasize the successes Olin achieved in 2008. Both Chlor Alkali and Winchester posted record full year profits for the businesses, and Olin reported its best earnings year since the spin-off of Arch Chemicals in 1999. We look forward to 2009 as we begin the year with a positive pricing trend in Chlor Alkali, a solid backlog and demand profile in Winchester, and a strong balance sheet.

Now I'd like to turn the call over to our Chief Financial Officer, John Fischer, who will review several financial items with you.

John Fischer - ***Olin Corporation - VP & CFO***

Thanks, Joe. First, I'd like to discuss a few items on the income statement.

Selling and administrative costs decreased by $1.4 million in the fourth quarter of 2008 compared to the fourth quarter of 2007. The decrease reflects the absence of the majority of the SG&A expenses from the acquired Pioneer operations, which were present in the fourth quarter of

2007, but were eliminated late in 2007 and early in 2008. I would remind everyone that these costs were identified as a significant synergy opportunity at the time of the acquisition.

For the full year 2008, Other Corporate and Unallocated costs decreased $5.2 million from 2007 levels. This reduction primarily reflects a lower level of asset retirement costs and a lower level of legal and legal-related settlement costs. During 2008, based on revised assumptions, we reduced the asset retirement obligations that had been previously recorded by $1.5 million. This reduction relates primarily to one legacy chemical manufacturing location.

During 2007, we increased asset retirement obligations that had previously been recorded by $3.0 million. The legal and legal-related settlement costs are primarily associated with legacy environmental matters.

Fourth-quarter and full year 2008 environmental investigatory and remediation expenses were $6.5 million and $27.7 million, respectively. These compare favorably to the $8.6 million and $37.9 million of expenses for the fourth quarter and full year 2007. The decrease in 2008 charges compared to 2007 relate primarily to a $7.9 million increase in costs in 2007 at a former waste disposal site which was based on revised remediation estimates resulting from negotiations with a government agency.

Olin's environmental charges relate primarily to remedial and investigatory activities associated with former waste sites and past operations. We currently anticipate that 2009 charges for environmental investigatory and remedial activities will be similar to the 2008 level.

Total company defined benefit pension plan income was $7.5 million in the full year 2008, compared to $33.5 million of expense in 2007. The year-over-year decrease in expense reflects the favorable impact of the $100 million voluntary contribution made in May 2007, a 25-basis point increase in the liability discount rate, the favorable asset performance in 2007, the impact of the plan freeze for salaried and non-bargained hourly employees that became effective January 1, 2008, and an increase in the amortization period for actuarial losses.

The 2008 pension income includes $4.1 million of curtailment charges associated with the transition of certain Chlor Alkali and Winchester employees from a defined benefit plan to a defined contribution plan. The reduction in full year 2008 defined benefit pension expense was partially offset by an $8.6 million increase in defined contribution pension plan expenses in 2008 compared to 2007.

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

Under SFAS No. 158, we recorded a non-cash, after-tax charge of $99.1 million to Shareholders Equity as of December 31, 2008, for the defined benefit pension plan and post-retirement medical plan. This charge reflects the unfavorable performance on plan assets during 2008. During 2008, the return on plan assets was a negative 0.9%, compared to a targeted return of 8.5%. Despite this unfavorable performance, as of December 31, 2008, the balance sheet reflects a pension funding position of approximately 100%.

In addition, there are liabilities of $55.6 million associated with a non-qualified and unfunded defined benefit pension plan, and $70.2 million associated with the unfunded retiree medical program on the December 31, 2008 balance sheet.

One final comment on the defined benefit pension plan. Based on the 2008 returns, which benefited from the decision to move the asset portfolio heavily towards fixed income, Olin will not be required to make any cash contributions to the plan at least through 2009.

The tax rate for continuing operations in the fourth quarter was 35.8%, and for the full year was 38.8%. The full year rate was negatively impacted by the third quarter investment loss which was treated as a capital loss, which we are currently unable to utilize and, therefore, no tax benefit was recognized in 2008. That transaction negatively impacted the full year 2008 tax rate by approximately 3.5 percentage points. We currently believe the full-year 2009 tax rate will be in the 36 to 37% range.

Now turning to the balance sheet. Cash and cash equivalents at December 31, 2008 were $246.5 million, compared to $306 million at December 31, 2007. The decline in the year-end cash balances was expected and reflects the unusually high level of capital spending, primarily associated with the St. Gabriel conversion and expansion project, and a higher than expected level of working capital that I will discuss in a minute.

As we move forward, we continue to see cash flow volatility from working capital due primarily to the seasonal aspects of Winchester's business, but also due to the seasonal aspects of Chlor Alkali's chlorine and bleach businesses. Winchester's working capital levels typically increase $40 to

$60 million during the first two quarters of the year, while the Chlor Alkali working capital investment should increase $10 to $15 million during the seasonally strong second and third quarters. These increases are typically liquidated by the end of the year.

However, during 2008, we did not experience the typical yearend working capital liquidation in Winchester, which negatively impacted our 2008 cash flow. In the Winchester business, the combination of year-over-year selling price increases and higher than normal fourth quarter volumes increased yearend 2008 working capital above 2007 yearend levels. In Chlor Alkali, the impact of higher selling prices more than offset the lower sales volumes.

Capital spending from continuing operations in 2008 was $180.3 million compared to $76.1 million in 2007. This is approximately $15 million lower than our prior estimate. In 2008, more than 50% of the spending was for the St. Gabriel conversion and expansion project. In light of the current operating environment, we continue to evaluate our 2009 capital spending. The lower than forecast level of spending in 2008 has increased the amount of carryover spending associated with both the St. Gabriel project and a major maintenance project at our McIntosh, Alabama location.

In addition, the current outage in Henderson, Nevada requires some unplanned capital spending. Based on these factors, we see 2009 capital spending no lower than $110 million. Depreciation expense in 2008 was $69.6 million, and as a result of the high level of 2008 capital spending, we expect 2009 depreciation expense to increase by approximately $10 million.

On January 23rd, Olin's board of directors declared a dividend of 20 cents on each share of Olin common stock. The dividend is payable on March 10, 2009 to shareholders of record at the close of business on February 10, 2009. This is the 329th consecutive quarterly dividend to be paid by the Company.

Before we conclude, let me remind you that throughout this presentation, we have made statements regarding our estimates of future performance. Clearly, these are forward-looking statements, and results could differ materially from those projected. Some of the factors that could cause actual results to differ are described without limitations in the Risk Factors section of our most recent Form 10-K and in our fourth quarter earnings release.

A copy of today's transcript will be available this afternoon on our website in the Investors section under Calendar of Events. The earnings press release and other financial data and information is available under Press Releases.

With that, operator, we are now ready to take questions.

QUESTION AND ANSWER

Operator

(Operator Instructions) Frank Mitsch, BB&T Capital Markets. Please proceed.

Frank Mitsch - ***BB&T Capital Markets - Analyst***

Good morning, gentlemen. Just a clarification. The $3.3 million unusual non-cash pension curtailment charge, does that show up in the corporate other pension income or on the Winchester line?

John Fischer - ***Olin Corporation - VP & CFO***

It shows up in corporate and other.

Frank Mitsch - ***BB&T Capital Markets - Analyst***

All right, great, great, great. So that keeps that run rate climb to like $4.5, $5 million, which is what it had been. And then you mentioned despite sales being significantly higher in the fourth quarter, you had some other costs that impacted Winchester's profitability because frankly, we would have thought that that income would've been a little bit higher given the higher sales. But you are expecting the first quarter of '09 to be in line with a very strong first quarter of '08 on the Winchester side.

Joseph Rupp *- Olin Corporation - Chairman, President & CEO*

Yes.

Frank Mitsch *- BB&T Capital Markets - Analyst*

Then I guess you guys have been known for providing relatively tight ranges of a nickel for a quarterly, but given the uncertainties, you are providing a 15 cent range. Is there a rule of thumb that we could apply in terms of Chlor Alkali operating rates, which is what I believe the significant swing factor is between the 50 cents and the 65 cents? Do you have any sense as to -- if operating rates come in at 60% industry-wide, you are at 50 cents. If they come in at 75%, you are at 65%. Is there something that you could help us out with in terms of industry operating rate expectations for the first quarter?

Joseph Rupp *- Olin Corporation - Chairman, President & CEO*

Frank, the reason we gave the range is because of that uncertainty. And as we pointed out, in January we were running in the 60s at this point in time, and we announced that we were at 67% in the fourth quarter of last year. I think what we would say is, obviously, with higher operating rates we are going to be up at the upper end of that range, and with lower operating rates we are going to be at the lower end of the range. And we thought that that was the best way to try to explain our uncertainty here.

Frank Mitsch *- BB&T Capital Markets - Analyst*

Well, you know, at this point you haven't seen the pickup, but I guess there's an expectation that as we hit the warmer months of March/April, etc., that you would see meaningfully higher operating rates. Is that your expectation?

John McIntosh *- Olin Corporation - VP & President, Chlor Alkali Products*

Frank, this is John. Let me make a couple comments if I could. Anecdotally, what we normally have in terms of visibility is, especially from major customers, we would normally be able to look at a whole quarter and define a forecast based on that. Most of our major customers now can't even provide us accurate information for the current month, so that's what's driving the major uncertainty on the volume side.

When we look at the first quarter, we do expect -- towards the end of the first quarter, we would expect to see some normal improvement based on seasonal demand, but we also have a major outage at the McIntosh facility scheduled for 10 days in the first half of March. It is our normal every-two-year preventative outage, and so that will have an impact on first-quarter volumes in the other direction.

Frank Mitsch *- BB&T Capital Markets - Analyst*

Okay, terrific. Then John Fischer, you talked about CapEx in '09 roughly $70 million. It could be as high as $70 million lower than '08, and you are ending the year with essentially no net debt. What are your uses -- what are your priority uses of cash in 2009?

John Fischer *- Olin Corporation - VP & CFO*

In this environment, Frank, I think our priority uses right now is to be very cautious. To give you some flavor on the capital spending, there's probably $65 to $70 million of carryover capital that I described from the two big items, plus Henderson plus a number of small things. So as we said, it would be no less than $110 million. So it wouldn't surprise us if it was higher than that, and that's obviously, again, well above depreciation, which would create a use of cash.

Frank Mitsch - ***BB&T Capital Markets - Analyst***

Understood, understood. But depending on where the earnings stream comes in, you still may be nicely cash flow positive in 2009, and you're ending the year with no debt. So at this point, the objective is to build cash on the balance sheet?

Joseph Rupp - ***Olin Corporation - Chairman, President & CEO***

Frank, as we've said, obviously we think if the Company has the opportunity to grow on the chemical side, to say that we wouldn't be looking at opportunities in this environment would be unfair. We are looking at opportunities, but we are going to do that prudently.

Frank Mitsch - ***BB&T Capital Markets - Analyst***

Terrific, thank you.

Operator

Christopher Butler, Sidoti & Company.

Christopher Butler - ***Sidoti & Company - Analyst***

Good morning, guys. First question is according to some of the plastic compounders that have announced or pre-announced, it seems that demand for all plastics kind of disappeared in early to mid November. Does that kind of jive with your capacity as it progressed through -- I'm sorry, your utilization as it progressed through the fourth quarter?

John McIntosh - ***Olin Corporation - VP & President, Chlor Alkali Products***

Ours was maybe a little later in the quarter than that, Chris, but pretty consistent with that, being the second half of the fourth quarter.

Christopher Butler - ***Sidoti & Company - Analyst***

Now, also coming from plastics companies, this seems to be normal economic weakness that I think we all kind of expect right now, but it's being exacerbated by an inventory correction that is going on that at some point here, hopefully during the first quarter, should let up and improve demand relatively for the second quarter.

John McIntosh - ***Olin Corporation - VP & President, Chlor Alkali Products***

I think that's true. The vinyls people that we talked to will say that for the most part, everybody in the chain has run their inventory levels down to almost zero levels and that there isn't any buffer out there, should there be any even incremental increase in demand.

So we would expect if that demand increase happens that it will be translatable backwards on an almost immediate basis. Most of the vinyls people that we talk to have some degree of optimism about improvement in the business in the out months, but so far that optimism we have not seen translated into orders.

Christopher Butler - ***Sidoti & Company - Analyst***

Circling back to guidance a little bit, if we can try to get a little bit more clarity here, understanding that there's a lot of moving parts and a lot of fog right now. But if we were to get the operating rates from the 60% that you see in January back up to where you were for the fourth quarter in that 67% range, would that be putting us towards the top end of your guidance or would we need to see further improvement from there to reach the upper end?

John Fischer - ***Olin Corporation - VP & CFO***

Chris, this is John. If you look at fourth-quarter operating rates of 67% and we've got higher ECUs, and generally input costs in the Chlor Alkali business for electricity are lower in the fourth quarter and in the first quarter than in the second and third, I would say the answer to your question is yes.

Christopher Butler - ***Sidoti & Company - Analyst***

I appreciate your time. I'll go back in the queue.

Operator

Mike Judd, Greenwich Consultants.

Mike Judd - ***Greenwich Consultants - Analyst***

Thanks for taking my question. If you look at the profitability in the Chlor Alkali business on, let's say, in EBITDA per short-ton basis -- and this refers to the previous question there -- and you think about those lower electricity prices and natural gas prices and you think about the potentially higher ECU realizations in the first quarter, can you give us a sense of what we could anticipate on a, say, sequential basis in terms of the change in the margin?

I realize it's sensitive to the operating rates, but you've already discussed that. Could you see a $50 or $60, $70 improvement in the EBITDA per short ton, which is I guess sort of a cash basis?

John Fischer - ***Olin Corporation - VP & CFO***

Let me try to answer that. First, I said I don't think that the expectation that we have is that ECU netbacks are going to increase as much from Q4 to Q1 as they increased from Q3 to Q4, so that kind of improvement isn't in the cards.

The other thing is electricity costs in our system running at these rates is essentially flat quarter-over-quarter, and as we got out into the second and third quarter if rates improve, because we pay more seasonally, we also pay more at higher operating rates because of peaking power, you would actually see that probably go down, not up.

Mike Judd - ***Greenwich Consultants - Analyst***

Okay, that's helpful. Then on the pricing side, can you -- because we've seen caustic contract and spot prices actually come down in January -- and I realize that you guys operate on a lag basis -- is there anything particular about the contracts that you have? Last year we learned something new about the way the contracts were structured. Is there anything in this environment where prices appear to be beginning to roll over, where the dynamics might be something we wouldn't anticipate?

John McIntosh - ***Olin Corporation - VP & President, Chlor Alkali Products***

The only comment I would make in that regard is that we have said that a lot of our contracts that have annual limitations on what pricing can do typically tend to reclock themselves at the beginning of a calendar year. And so we expect to see some improvement from that phenomenon in the first quarter.

We also expect on the opposite side of that to see some further decrease in chlorine pricing. The net of all of that movement, though, as we said in our remarks, is that we expect ECU prices overall to improve in the first quarter.

Mike Judd - ***Greenwich Consultants - Analyst***

Thanks for the help.

Operator

Edward Yang, Oppenheimer.

Edward Yang - ***Oppenheimer - Analyst***

Thank you, good morning. Just following up on the previous question, looking beyond the first quarter, considering that again contract and spot prices are starting to come down for the industry, is it reasonable to assume that sequentially in the second quarter on and the rest of 2009, that you will see some price moderation?

John McIntosh - ***Olin Corporation - VP & President, Chlor Alkali Products***

I would say that -- I can't predict that at this point in time. The only thing that I can rely on is what I see other people that follow the industry and predict future quarters and future years. And most everybody that predicts the industry does show that caustic prices will tend to drop off through the balance of 2009.

However, there is still a big unknown out there as to what the economy is going to do and what in other parts of the world, especially China and the Far East, is going to happen there, which will have some impact on caustic exports out of that country. So there's a lot of unknowns, and I wouldn't try to predict for Olin's system, with no more visibility than we have, any more than we have said in our remarks.

Edward Yang - ***Oppenheimer - Analyst***

Well, John, I would say that your margin performance, especially in light of the utilization that we saw in the fourth quarter, was nothing short of phenomenal. But if utilization and operating rates remain relatively low in the 60s and 70s, and I think in the last downturn you were still somewhat in the 80s or so, is it reasonable to think that the industry or even Olin would just stay at those relatively low operating rates and keep prices high? Or why wouldn't you see pricing moderate to adjust for relatively low utilization rates?

John McIntosh - ***Olin Corporation - VP & President, Chlor Alkali Products***

Well, I think what's going to determine that is what kind, if any, and how aggressive a rebound there is in demand for chlorine. And if the market segments that consume chlorine rebound quickly, which is not the current thinking by anybody that's looking at the vinyls industry or the urethanes industry or housing or automobile starts or any of the other macroeconomic indicators; as long as that doesn't happen, then operating rates are going to stay dampened and that is going to mitigate -- because of the pressures on the caustic supply side -- going to mitigate any movement down in caustic pricing.

Edward Yang - ***Oppenheimer - Analyst***

Final question just for Joe on the -- getting on the M&A side. When you do have a bit more visibility and less caution in terms of preserving your capital, could you remind us what kind of strategic assets you believe would fit well with Olin?

Joseph Rupp - ***Olin Corporation - Chairman, President & CEO***

Edward, what we've said in the past is that in the electrochemistry base, Chlor Alkali or related types of products would be the type of products that we would be interested in -- downstream, bleach, hydrochloric acid, etc., and electrochemical types of companies.

Edward Yang - ***Oppenheimer - Analyst***

Thank you very much.

Operator

That concludes the question-and-answer session. I will now turn it back to Mr. Rupp for closing remarks.

Joseph Rupp - ***Olin Corporation - Chairman, President & CEO***

We thank you for joining us this morning, and we hope you'll join us in April when we announce the results from our firstquarter 2009. Thank you.

Operator

Ladies and gentlemen, thank you for your participation in today's conference. This concludes the presentation. You may now disconnect. Have a great day.