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Arch Chemicals Inc. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Our first question comes from Ivan Marcuse with KeyBanc Capital Markets.

Ivan Marcuse - KeyBanc Capital Markets

Hi, guys. Nice quarter.

Michael Campbell

Thank you, Ivan.

Ivan Marcuse - KeyBanc Capital Markets

Real quick. How much was the pension expense in the first nine months compared to in '07 versus '08?

Steve Giuliano

About \$3 million, \$4 million lower than comparable period last year.

Ivan Marcuse - KeyBanc Capital Markets

The \$3 million, was that all in the third quarter that you pointed in your corporate expenses?

Steve Giuliano

No.

Ivan Marcuse - KeyBanc Capital Markets

No, and then two quickies. How much were assets down as of September 30th? And what do you expect pension expense to be in '08 assuming a slight increase in the discount rate and will that increase your cash contribution and how does that exactly work for '09?

Steve Giuliano

You have got a couple questions there. But with regards to pension assets, obviously we experience a decrease in the value broadly in line with benchmarks. US assets were down more than our UK assets and that's principally because the US assets are more heavily funded in equities versus the UK plan which is more heavily fixed income base.

Ivan Marcuse - KeyBanc Capital Markets

Right.

Steve Giuliano

So for the US, we contributed \$3 million this year. We have no further funding requirements for 2008. Again this was above the minimum and allowed us to meet the full funding phase and thresholds. Going forward, everything is sort of on the table and really predicated upon where we fall out at year-end with interest rates and with asset values, so the rules are very prescriptive.

Ivan Marcuse - KeyBanc Capital Markets

Would you expect pension expense to be higher next year, right?

Steve Giuliano

The pension expense, we expect it to be higher, yes.

Ivan Marcuse - KeyBanc Capital Markets

And then when would you expect an increased cash contribution to catch you with under-funded, would that be in '09 or probably not experience that until 2010?

Steve Giuliano

There are many different options and we are looking through all those options. There is an option that would allow us to contribute nothing next year. There is other options that would require significantly higher contributions than we originally expected in 2009 if we were to try to get to full funding thresholds.

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