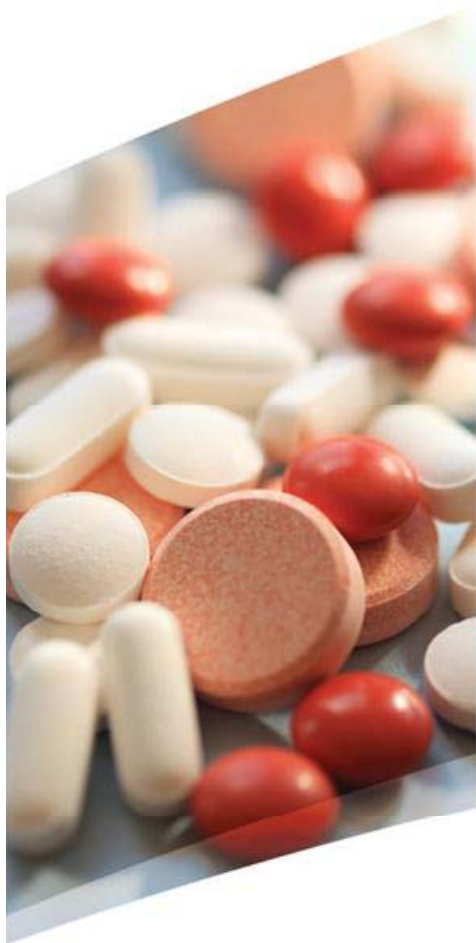


# 2012 Credit Suisse Chemical and Ag Science Conference

September 11, 2012



**ASHLAND**<sup>®</sup>

With good chemistry great things happen.™

# Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. In addition, Ashland may from time to time make forward-looking statements in its other filings with the Securities and Exchange Commission (SEC), news releases and other written and oral communications. These forward-looking statements are based on Ashland's expectations and assumptions, as of the date such statements are made, regarding Ashland's future operating performance and financial condition, the economy and other future events or circumstances. Ashland's expectations and assumptions include, without limitation, internal forecasts and analyses of current and future market conditions and trends, management plans and strategies, operating efficiencies and economic conditions (such as prices, supply and demand, cost of raw materials, and the ability to recover raw-material cost increases through price increases), and risks and uncertainties associated with the following: Ashland's substantial indebtedness (including the possibility that such indebtedness and related restrictive covenants may adversely affect Ashland's future cash flows, results of operations, financial condition and its ability to repay debt), severe weather, natural disasters, and legal proceedings and claims (including environmental and asbestos matters). Various risks and uncertainties may cause actual results to differ materially from those stated, projected or implied by any forward-looking statements, including, without limitation, risks and uncertainties affecting Ashland that are described in its most recent Form 10-K (including Item 1A Risk Factors) filed with the SEC, which is available on Ashland's website at <http://investor.ashland.com> or on the SEC's website at [www.sec.gov](http://www.sec.gov). Ashland believes its expectations and assumptions are reasonable, but there can be no assurance that the expectations reflected herein will be achieved. Ashland undertakes no obligation to subsequently update any forward-looking statements made in this presentation or otherwise except as required by securities or other applicable law.

## Regulation G: Adjusted and Pro Forma Results

The information presented herein regarding certain unaudited adjusted and pro forma results does not conform to generally accepted accounting principles in the United States (U.S. GAAP) and should not be construed as an alternative to the reported results determined in accordance with U.S. GAAP. Management has included this non-GAAP and pro forma information to assist in understanding the operating performance of the company and its reporting segments. The non-GAAP and pro forma information provided may not be consistent with the methodologies used by other companies. All non-GAAP information related to previous Ashland filings with the SEC has been reconciled with reported U.S. GAAP results.

# Ashland: Four Strong Businesses

**ASHLAND.**



**Commercial  
Units**

**Ashland  
Specialty  
Ingredients**

**Ashland  
Water  
Technologies**

**Ashland  
Performance  
Materials**

**Ashland  
Consumer  
Markets**

**Leading  
Products &  
Services**

**#1  
cellulose ethers,  
global leader in  
vinyl pyrrolidones**

**#1  
specialty  
papermaking  
chemicals**

**#1  
unsaturated  
polyester resins  
and vinyl ester  
resins**

**#2  
U.S. franchised  
quick-lube chain,  
Passenger-car  
motor oil**

**Sales<sup>1</sup>**

**\$2.8 billion**

**\$1.8 billion**

**\$1.6 billion**

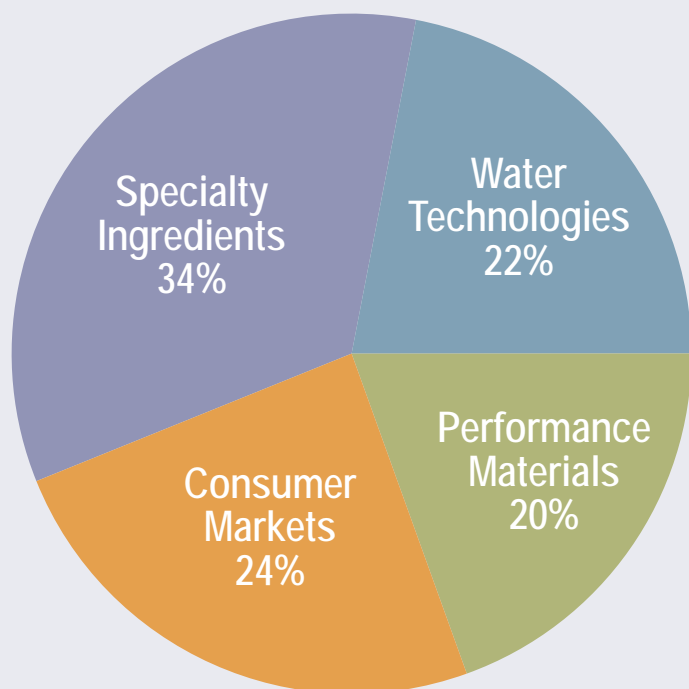
**\$2.0 billion**

<sup>1</sup> For 12 months ended June 30, 2012. Ashland Specialty Ingredients' and Ashland Performance Materials' sales are pro forma for ISP contribution.

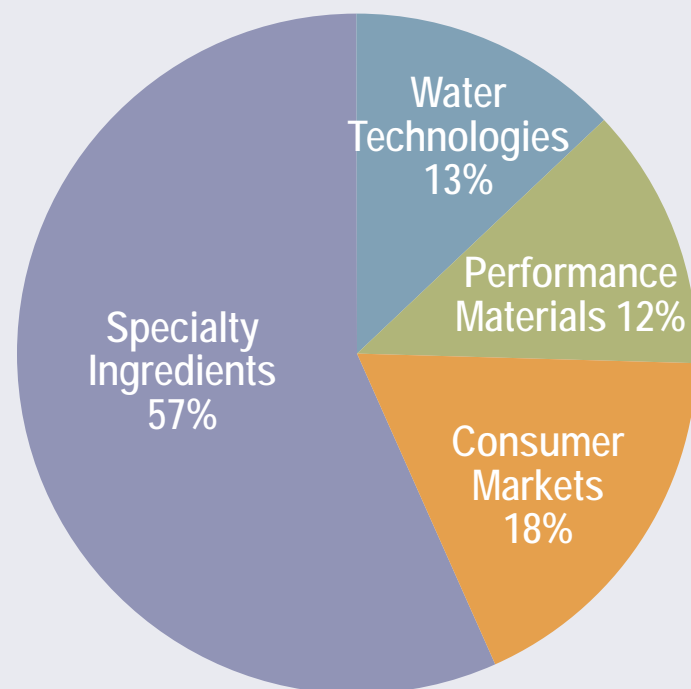
**ASHLAND.**

# Corporate Profile<sup>1</sup>

Sales - \$8.3 Billion



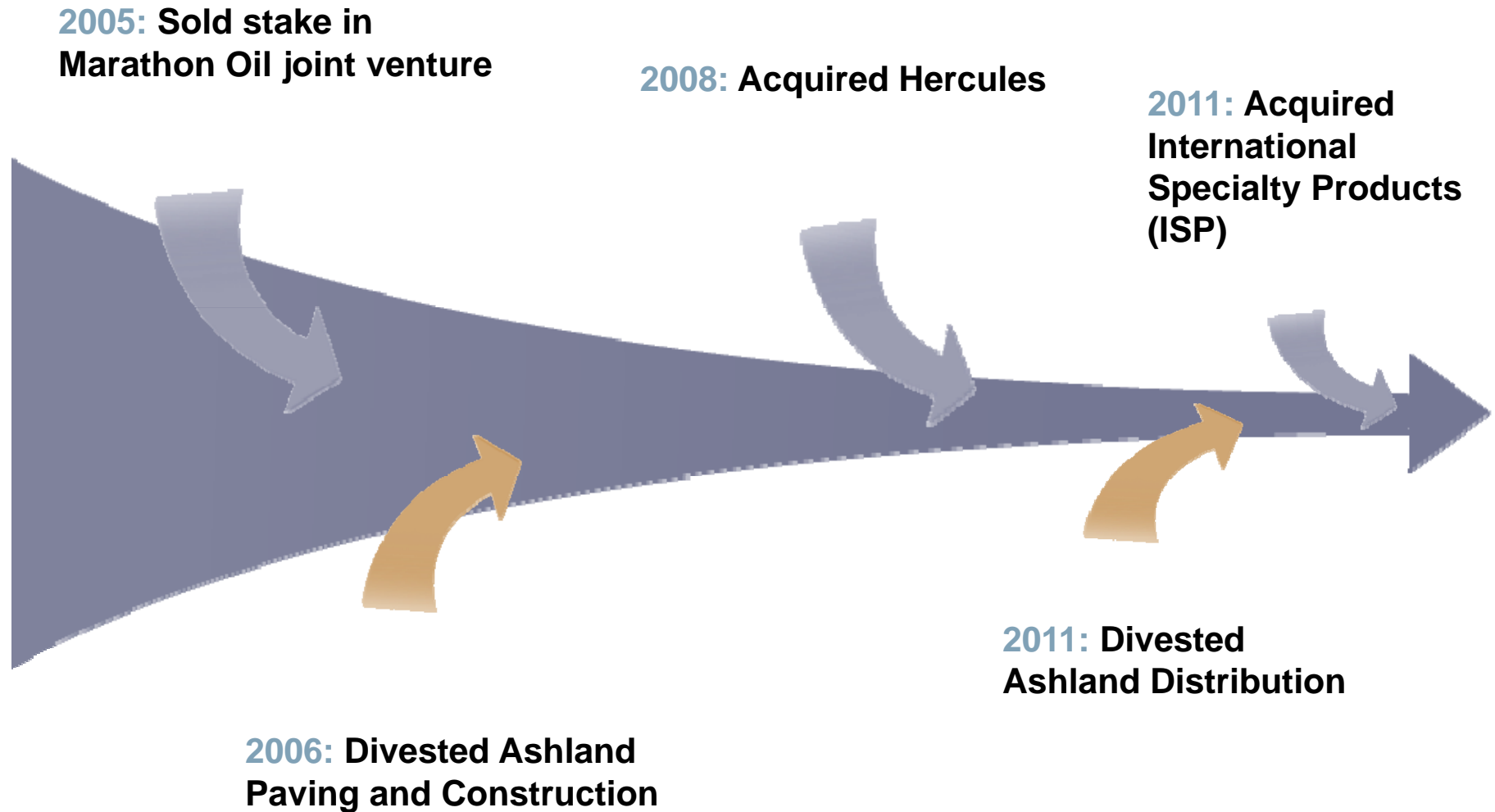
EBITDA - \$1.3 Billion



Specialty Ingredients now contributes over half of EBITDA

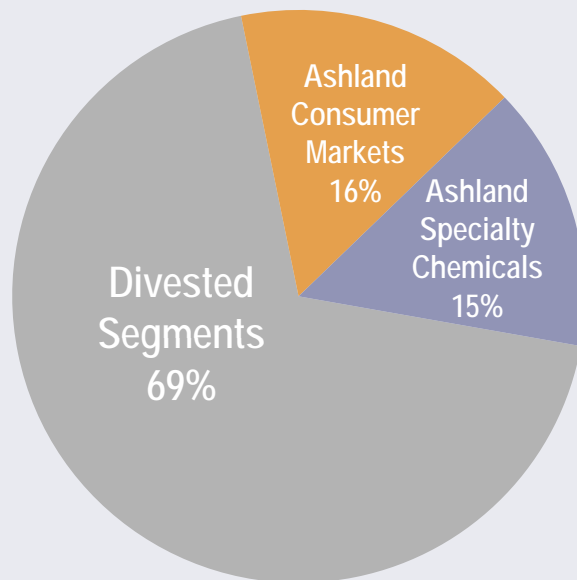
<sup>1</sup> Pro forma for trailing twelve months through June 30, 2012, includes ISP. EBITDA has been adjusted for key items.

# Our History

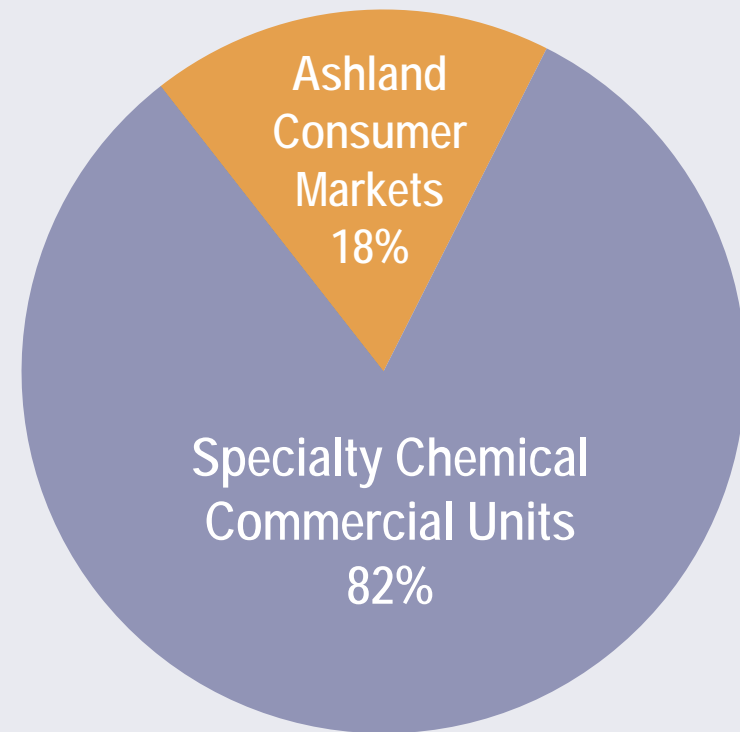


# Ashland's EBITDA Transformation

Pre-Transformation:  
2004



Pro Forma:  
TTM<sup>1</sup>

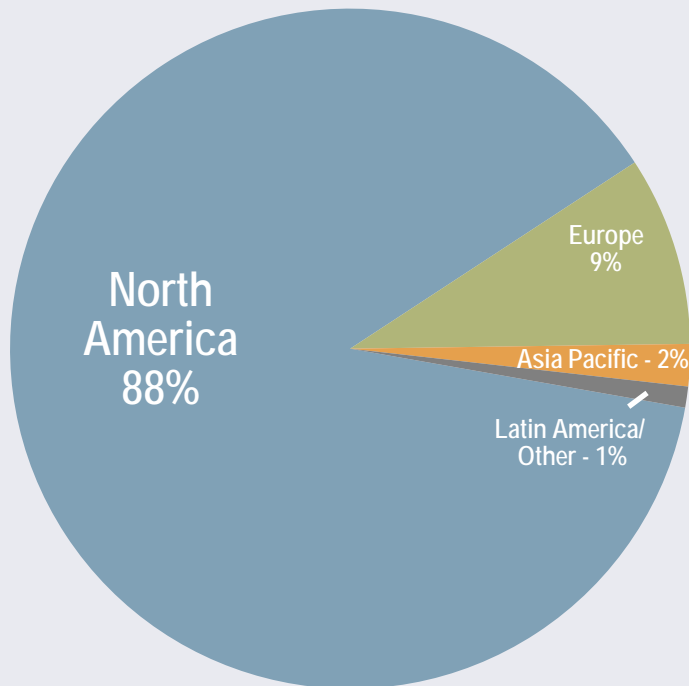


Creating a world-class specialty chemical company

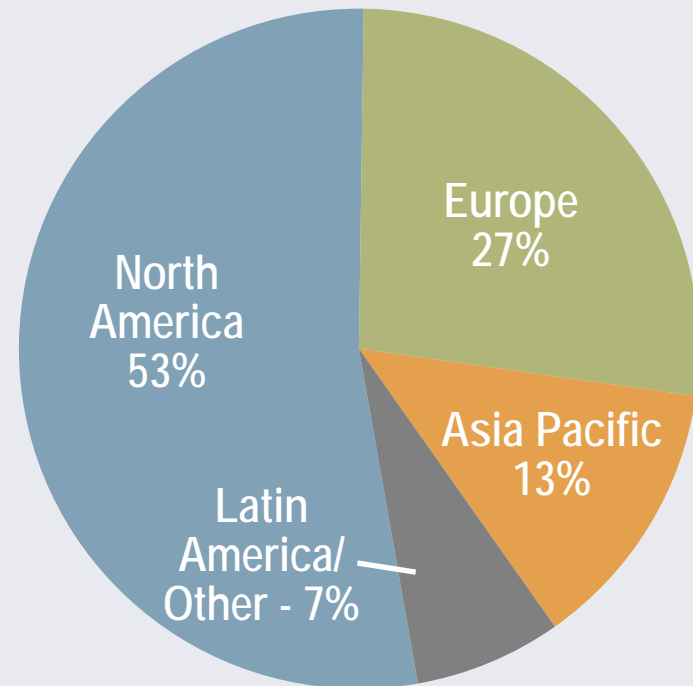
<sup>1</sup> Trailing twelve months as of June 30, 2012, includes ISP's results for the full year.

# Ashland's Geographic Sales Transformation

Pre-Transformation:  
2004



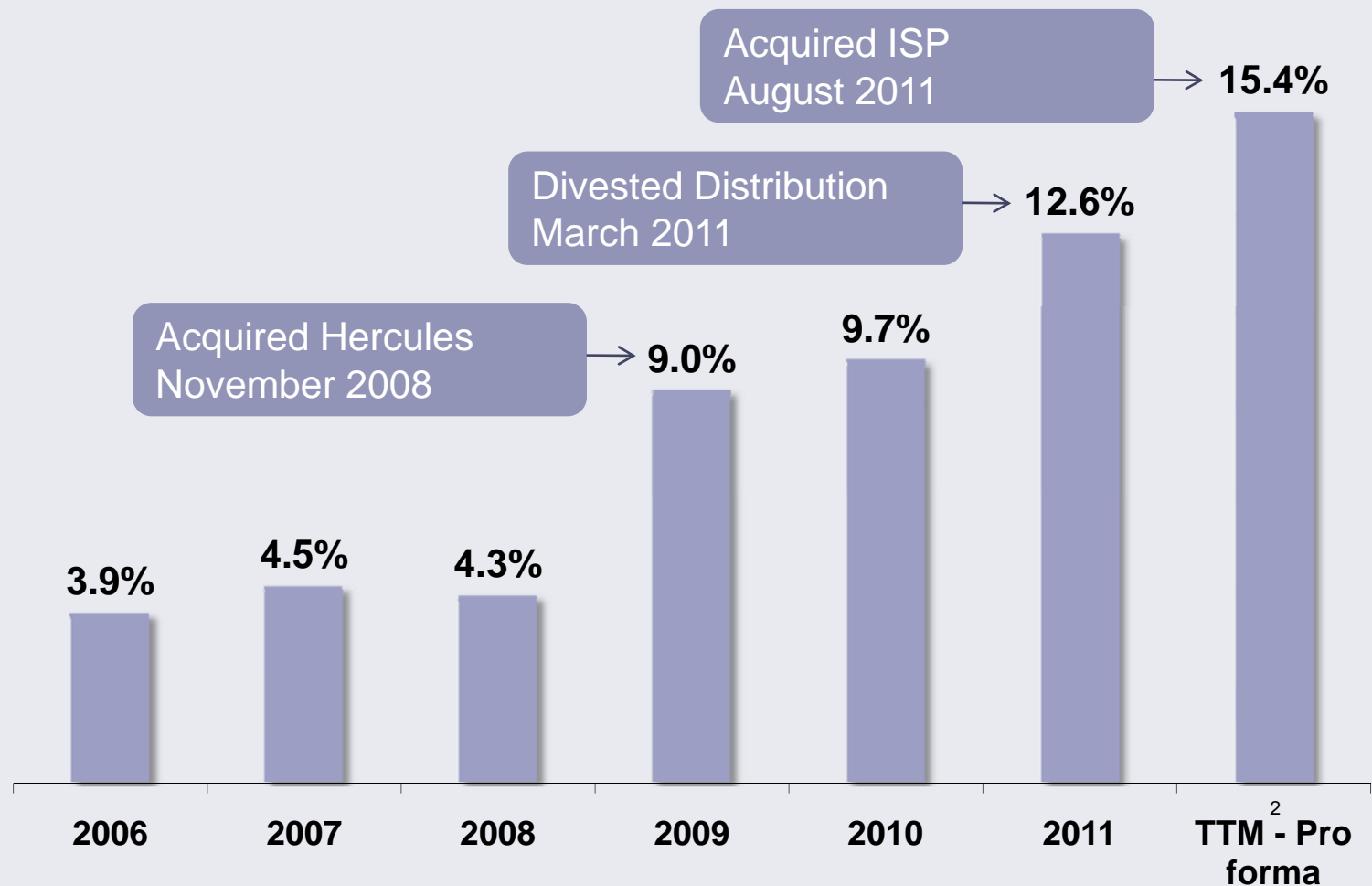
Pro Forma:  
TTM<sup>1</sup>



Nearly half of sales outside North America

<sup>1</sup> Trailing twelve months as of June 30, 2012, includes ISP's results for the full year.

# Strategic Decisions Have Dramatically Expanded EBITDA Margins<sup>1</sup>

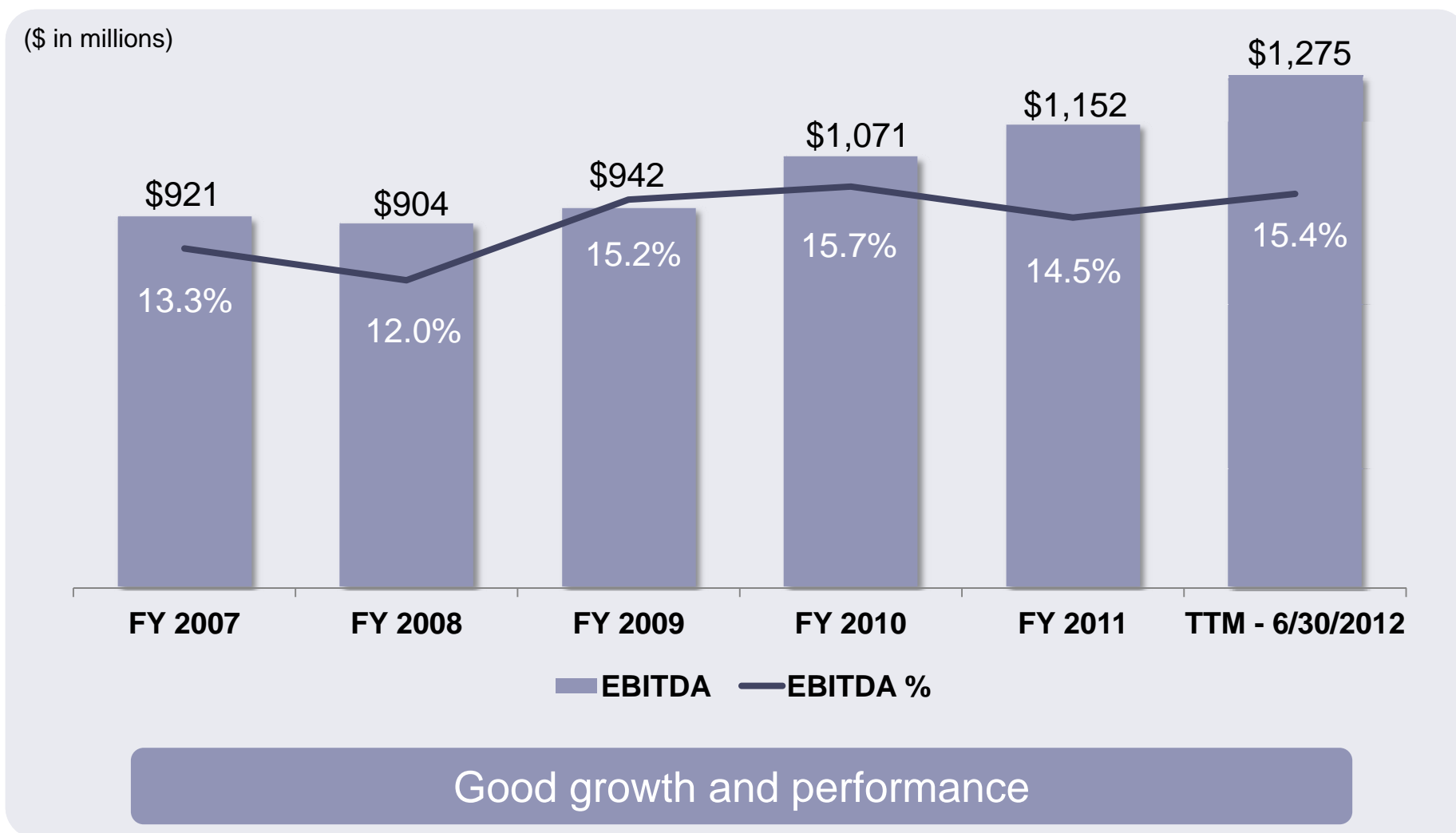


<sup>1</sup> 2006 through 2011 EBITDA margin as reported in the fiscal year noted and not adjusted for future transactions. EBITDA presented herein has been adjusted for certain key items.

<sup>2</sup> TTM represents trailing twelve months as of June 30, 2012.



# Baseline Historical Performance<sup>1</sup>



<sup>1</sup> See Ashland's November 15<sup>th</sup> analyst day presentation for reconciliation to amounts reported under GAAP for periods 2007 through 2011. See Appendix for TTM reconciliation.

# Ashland's Transformation – Looking Forward

2009 through 2011  
Optimizing business mix

- Divestitures
  - Ashland Distribution
  - Pinoa
  - Drew Marine
- Acquisitions
  - Hercules
  - ISP
- Casting Solutions JV



2012 through 2014  
Focused business expansion

- Strong organic volume growth
- Expansion of sales and earnings
  - Sales CAGR ~ 7%
  - EBITDA CAGR ~ 14%
- Focus on cash flow generation and leverage ratio reduction
- EPS growth to \$9.50 to \$10.50 per share

Strategic shift from portfolio transformation and business alignment to focused growth and earnings expansion

# 2014 EBITDA Goal of \$1.7 Billion

(\$ in millions)

## 2014 EBITDA Expectations

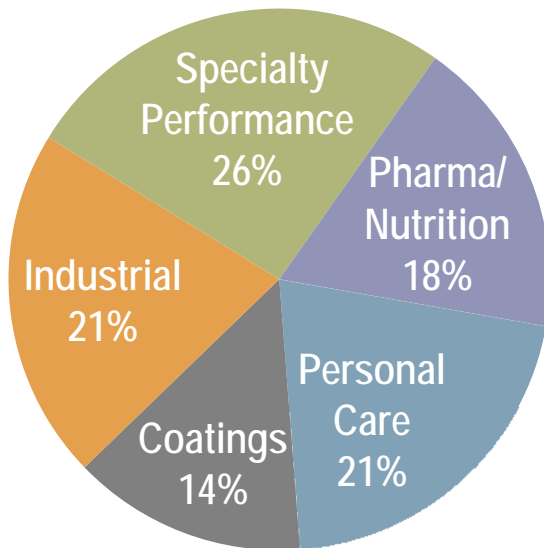
	TTM 6/30/2012 <sup>1</sup>	Major Drivers	2014
Ashland Specialty Ingredients	\$725	<ul style="list-style-type: none"> <li>• Strong organic volume growth</li> <li>• New product innovation</li> <li>• Productivity gains and synergies</li> </ul>	\$795
Ashland Water Technologies	\$166	<ul style="list-style-type: none"> <li>• Continued growth in Paper markets</li> <li>• Targeted expansion in Industrial markets</li> <li>• Upgraded product mix and margin recovery</li> </ul>	\$310
Ashland Performance Materials	\$160	<ul style="list-style-type: none"> <li>• Base business growth, economic recovery</li> <li>• Targeted growth in higher margin markets</li> <li>• Maintain momentum in emerging regions</li> </ul>	\$225
Ashland Consumer Markets	\$229	<ul style="list-style-type: none"> <li>• Margin recovery</li> <li>• Expand share in North American markets</li> <li>• International growth</li> </ul>	\$420

<sup>1</sup> Trailing twelve months as of June 30, 2012, includes ISP's results for the full year.

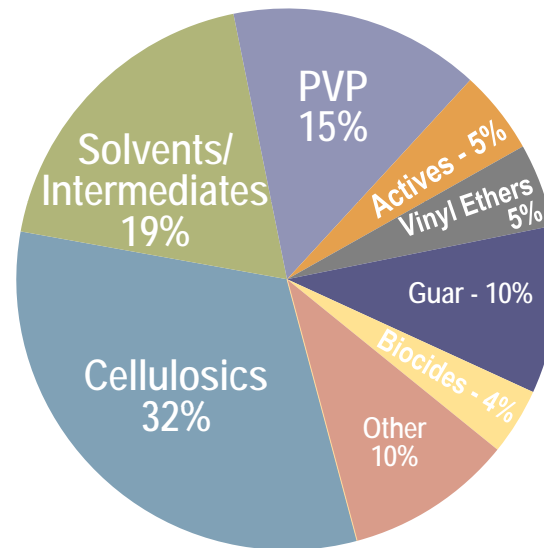
# Ashland Specialty Ingredients

A global leader in water-soluble and film-forming polymers

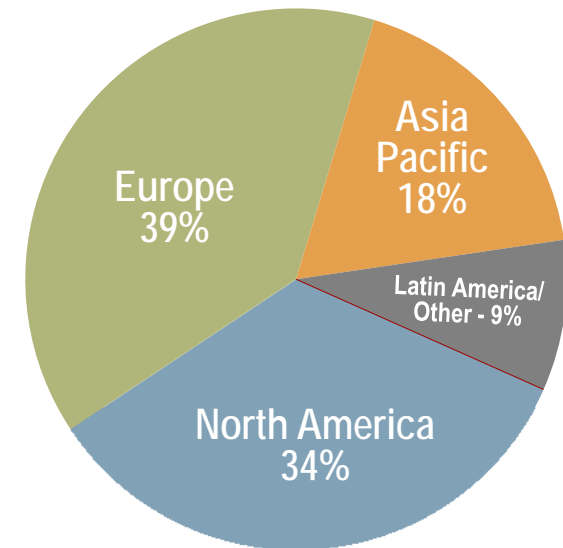
**Sales  
by Market**



**Sales  
by Product**



**Sales  
by Geography**



**Pro Forma for 12 Months Ended June 30, 2012**

**Sales: \$2.8 billion**

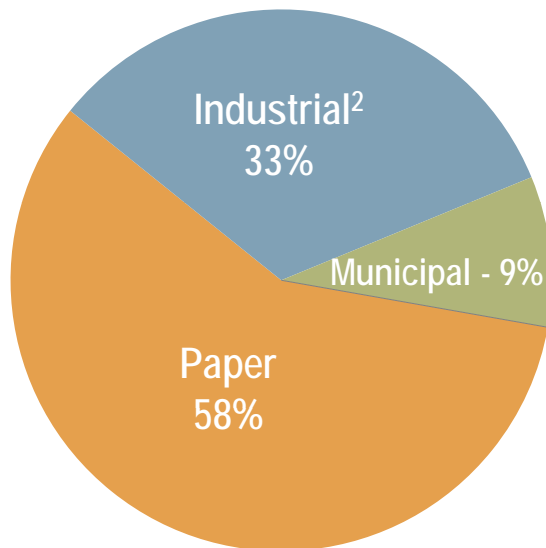
**Adjusted EBITDA: \$725 million<sup>1</sup>**

**Adjusted EBITDA Margin: 25.7%<sup>1</sup>**

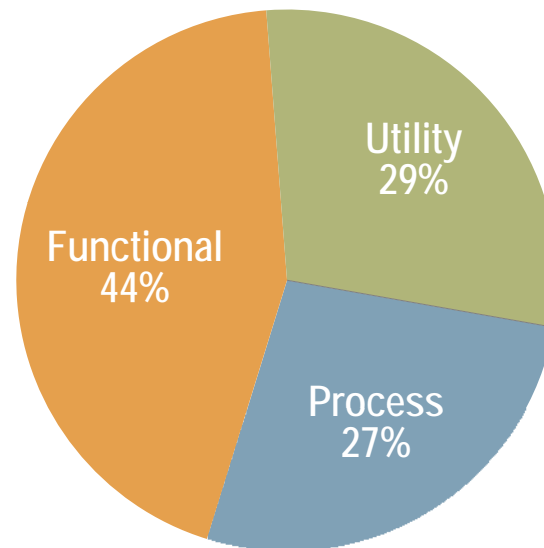
<sup>1</sup> See Appendix for reconciliation to amounts reported under GAAP.

# Ashland Water Technologies: Providing specialty chemicals and services to water-intensive industries

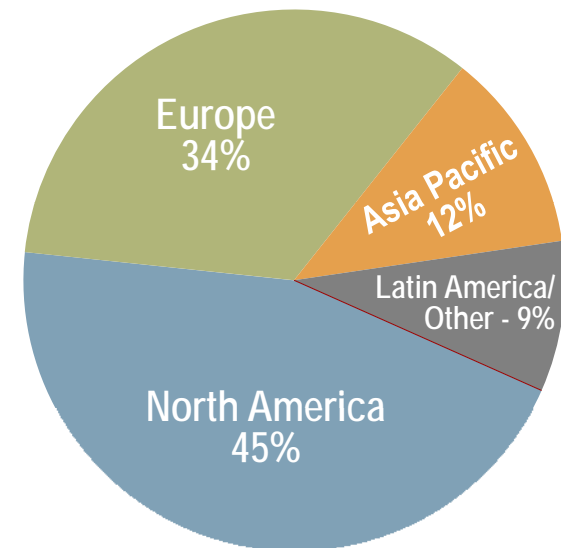
**Sales  
by Market**



**Sales  
by Product**



**Sales  
by Geography**



**For 12 Months Ended June 30, 2012**

**Sales: \$1.8 billion**

**Adjusted EBITDA: \$166 million<sup>1</sup>**

**Adjusted EBITDA Margin: 9.2%<sup>1</sup>**

<sup>1</sup> See Appendix for reconciliation to amounts reported under GAAP.

<sup>2</sup> Includes Pulp markets.

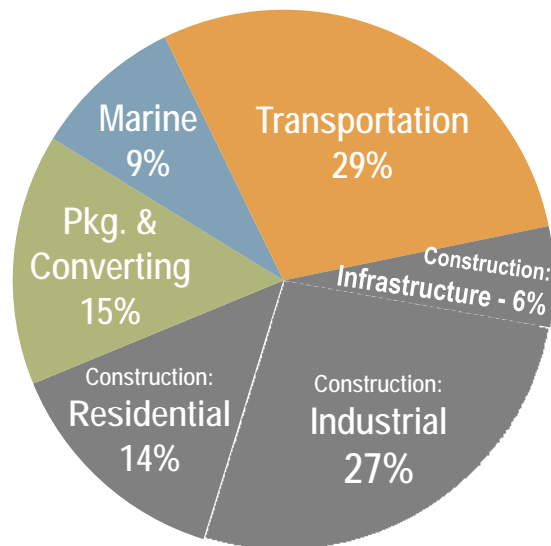
# Water Technologies Update

- Business has stabilized, but has underperformed versus our expectations
- Results should improve and we believe new management will aid in these efforts
- John Panichella, President of Specialty Ingredients, will be involved for foreseeable future
  - Will lead Water Technologies during transition
  - Will assist with leadership search
- Leadership search has begun

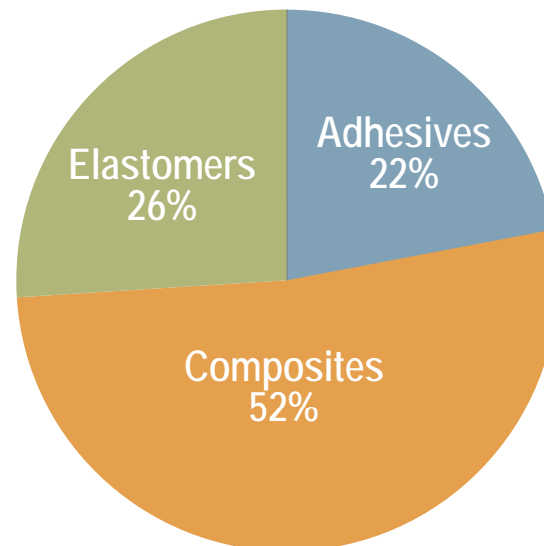
# Ashland Performance Materials

Global leader in composite resins, specialty adhesives and elastomers

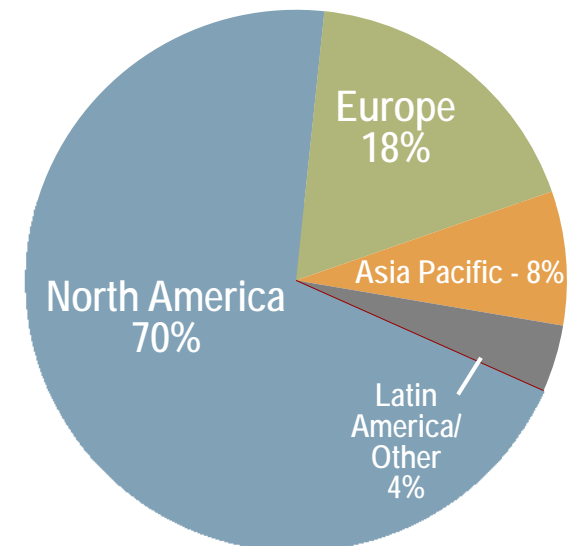
Sales by Market<sup>2</sup>



Sales by Product<sup>2</sup>



Sales by Geography<sup>2</sup>



**Pro Forma for 12 Months Ended June 30, 2012**

**Sales: \$1.6 billion**

**Adjusted EBITDA<sup>1</sup>: \$160 million**

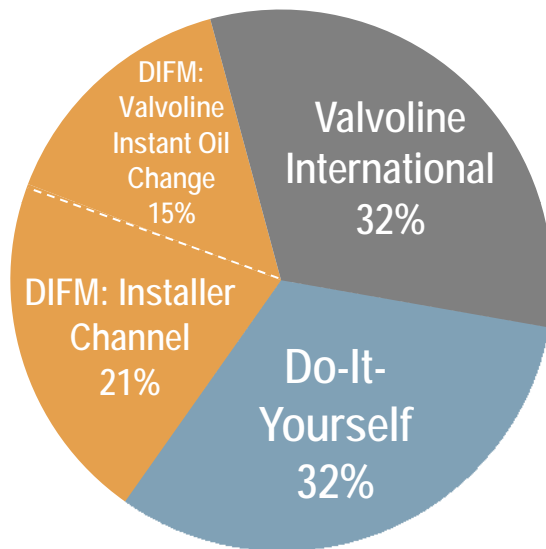
**Adjusted EBITDA Margin<sup>1</sup>: 9.8%**

<sup>1</sup> See Appendix for reconciliation to amounts reported under GAAP.

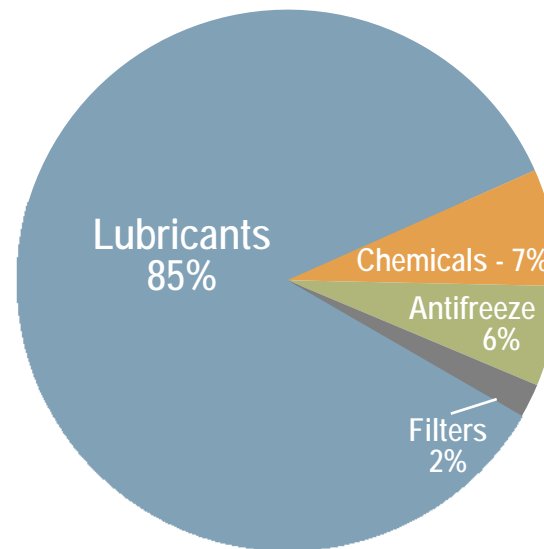
<sup>2</sup> Excludes sales from Casting Solutions.

# Ashland Consumer Markets: A leading worldwide marketer of premium-branded automotive lubricants and chemicals

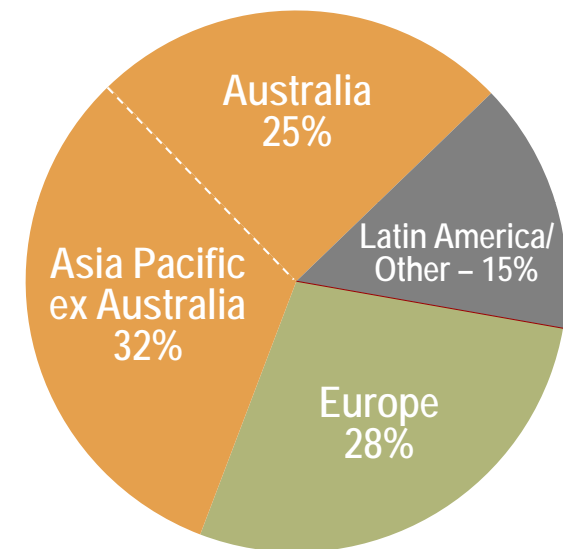
**Sales by Market**



**Sales by Product**



**International Sales by Region<sup>2</sup>**



**For 12 Months Ended June 30, 2012**

**Sales: \$2.0 billion<sup>1</sup>**  
**EBITDA: \$229 million<sup>1</sup>**  
**EBITDA Margin: 11.3%<sup>1</sup>**

<sup>1</sup> See Appendix for reconciliation to amounts reported under GAAP.

<sup>2</sup> Includes nonconsolidated joint ventures.



# Cost-Reduction Program

- Targeting \$90 million of annualized savings
  - \$40 million of stranded and corporate costs
  - \$50 million of ISP acquisition synergies
- Achieved approximately \$75 million of run-rate savings at end of June quarter
  - All stranded costs now removed
  - \$35 million of ISP synergies achieved
- Remaining \$15 million of acquisition synergies by end of fiscal 2013

# Adjusted Pro Forma 3Q Results Summary<sup>1</sup>

(\$ in millions)	Fiscal Third Quarter			Three months ended	
	Three months ended June 30,			March 31,	
	2012	2011	Change	2012	Change
Sales	\$ 2,141	\$ 2,178	(2) %	\$ 2,079	3 %
Gross profit as a percent of sales	29.3 %	25.7 %	360 bp	27.9 %	140 bp
Selling, general and admin./R&D costs	\$ 368	\$ 379	(3) %	\$ 374	(2) %
Operating income	\$ 274	\$ 196	40 %	\$ 221	24 %
Operating income as a percent of sales	12.8 %	9.0 %	380 bp	10.6 %	220 bp
Depreciation and amortization	\$ 107	\$ 111	(4) %	\$ 107	- %
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 381	\$ 307	24 %	\$ 329	16 %
EBITDA as a percent of sales	17.8 %	14.1 %	370 bp	15.8 %	200 bp

- Prior year includes ISP on a full-quarter, pro forma basis
- Adjusting for currency and divestitures, sales grew 4 percent over the prior-year quarter

<sup>1</sup> Ashland's earnings releases dated July 26 and April 24, 2012, available on Ashland's website at <http://investor.ashland.com>, reconcile adjusted amounts to amounts reported under GAAP.

# Tender Offer and Debt Refinancing

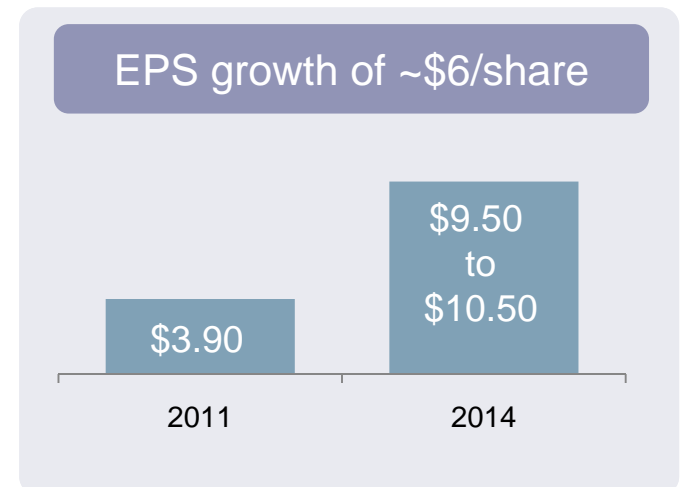
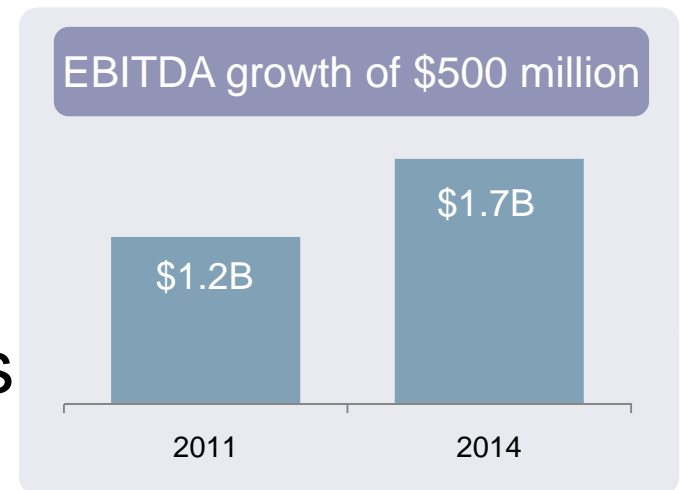
- Announced tender offer for 9.125% senior notes
  - \$650 million of par value
  - Offer price of \$1,113.75 for each \$1,000 principal
- \$572 million principal amount tendered
  - Settled August 7th
- Approximately \$660 million of cash required
  - Includes cost of refinancing, accrued interest and various fees
- Sources of financing
  - \$500 million in new bond refinancing
    - 4.75% interest rate
    - Ten year non-callable notes due in 2022
  - Remainder from cash on hand

# Interest Expense Savings

- Tender offer and refinancing saves roughly \$30 million of annual interest expense
- Accounts receivable securitization program has also been completed
  - Interest rate arbitrage versus Term Loan B
  - Saves approximately \$10 million of annual interest expense
- Reduces fiscal 2013 book interest expense to approximately \$180 million

# Investment Thesis

- Transformation now complete
- Margin profile now reflective of specialty chemical business
- Consistent, predictable earnings and cash-flow generation
- Positioned for significant growth and earnings expansion
  - 2014 EBITDA of \$1.7 billion
  - 2014 EPS of \$9.50 to \$10.50 per share



# Ashland Inc. and Consolidated Subsidiaries

## Reconciliation of Non-GAAP Data

### for 12 Months Ended June 30, 2012

(\$ millions, except percentages)

Sales	Q3 12	Q2 12	Q1 12	Q4 11	Total	
Specialty Ingredients	793	723	628	467	2,611	
Water Technologies	427	428	449	491	1,795	
Performance Materials	404	408	378	371	1,561	
Consumer Markets	517	520	475	517	2,029	
<b>Total</b>	<b>2,141</b>	<b>2,079</b>	<b>1,930</b>	<b>1,846</b>	<b>7,996</b>	
Pro Forma ISP Results	-	-	-	270	270	
<b>Pro Forma Total</b>	<b>2,141</b>	<b>2,079</b>	<b>1,930</b>	<b>2,116</b>	<b>8,266</b>	
						<b>Adjusted EBITDA</b>
<b>Adjusted EBITDA<sup>1</sup></b>	<b>Q3 12</b>	<b>Q2 12</b>	<b>Q1 12</b>	<b>Q4 11</b>	<b>Total</b>	<b>Margin</b>
Specialty Ingredients	224	186	160	114	684	26.2%
Water Technologies	37	39	40	50	166	9.2%
Performance Materials	49	35	45	24	153	9.8%
Consumer Markets	68	66	56	39	229	11.3%
Unallocated	3	3	-	(6)	0	
<b>Total</b>	<b>381</b>	<b>329</b>	<b>301</b>	<b>221</b>	<b>1,232</b>	
Pro Forma ISP Results	-	-	-	43	43	
<b>Pro Forma Total</b>	<b>381</b>	<b>329</b>	<b>301</b>	<b>264</b>	<b>1,275</b>	

<sup>1</sup> Calculation of adjusted EBITDA for each quarter has been reconciled within each quarterly earnings release filed with the SEC and posted on Ashland's website. Total Adjusted EBITDA may not sum to actual results due to quarterly rounding conventions.

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