

First-Quarter Fiscal 2012 Earnings

January 24, 2012



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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: the possibility that the benefits anticipated from the acquisition of International Specialty Products Inc. (ISP) will not be fully realized, the substantial indebtedness Ashland has incurred to finance the acquisition of ISP (including the possibility that such debt 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. 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.

Fiscal First Quarter 2012

Highlights¹

- First time Ashland's results include International Specialty Products (ISP) for an entire quarter
- Reported EPS from continuing operations of 76 cents
 - Adjusted EPS of \$1.20 versus 92 cents in Q1 2011
- Sales of \$1.9 billion
 - 6% sales growth on pro forma basis versus Q1 2011
- Expanded adjusted gross profit as percent of sales to 28%
- Adjusted EBITDA of \$301 million
 - Compares with Q1 2011 adjusted pro forma EBITDA of \$266 million
- ISP contribution to adjusted EBITDA of approx. \$120 million

¹ Ashland's first-quarter earnings release dated Jan. 24, 2012, available on Ashland's website at <http://investor.ashland.com>, reconciles adjusted amounts to amounts reported under GAAP.

Fiscal First Quarter – Continuing Operations

Key Items Affecting Income

Preliminary 2012	Operating Income					Total		
	Ashland Specialty Ingredients	Ashland Water Tech- nologies	Ashland Performance Materials	Ashland Consumer Markets	Unallocated and Other	Pretax	Aftertax	Earnings per Share
Severance					\$ (28)	\$ (28)	\$ (19)	\$ (0.24)
ISP inventory step-up	\$ (25)					(25)	(16)	(0.20)
Total	\$ (25)				\$ (28)	\$ (53)	\$ (35)	\$ (0.44)
2011								
Accelerated depreciation			\$ (7)			\$ (7)	\$ (5)	\$ (0.07)
Effects of Casting Solutions joint venture								
Transaction/startup costs			(2)		\$ (1)	(3)	(2)	(0.03)
Gain on joint venture						19	3	0.04
R & D tax credit							4	0.05
Total			\$ (9)		\$ (1)	\$ 9	\$ (1)	\$ (0.01)

- Intangible amortization expense in December 2011 quarter of \$30 million
 - Excluding intangible amortization, adjusted EPS would have been \$1.47

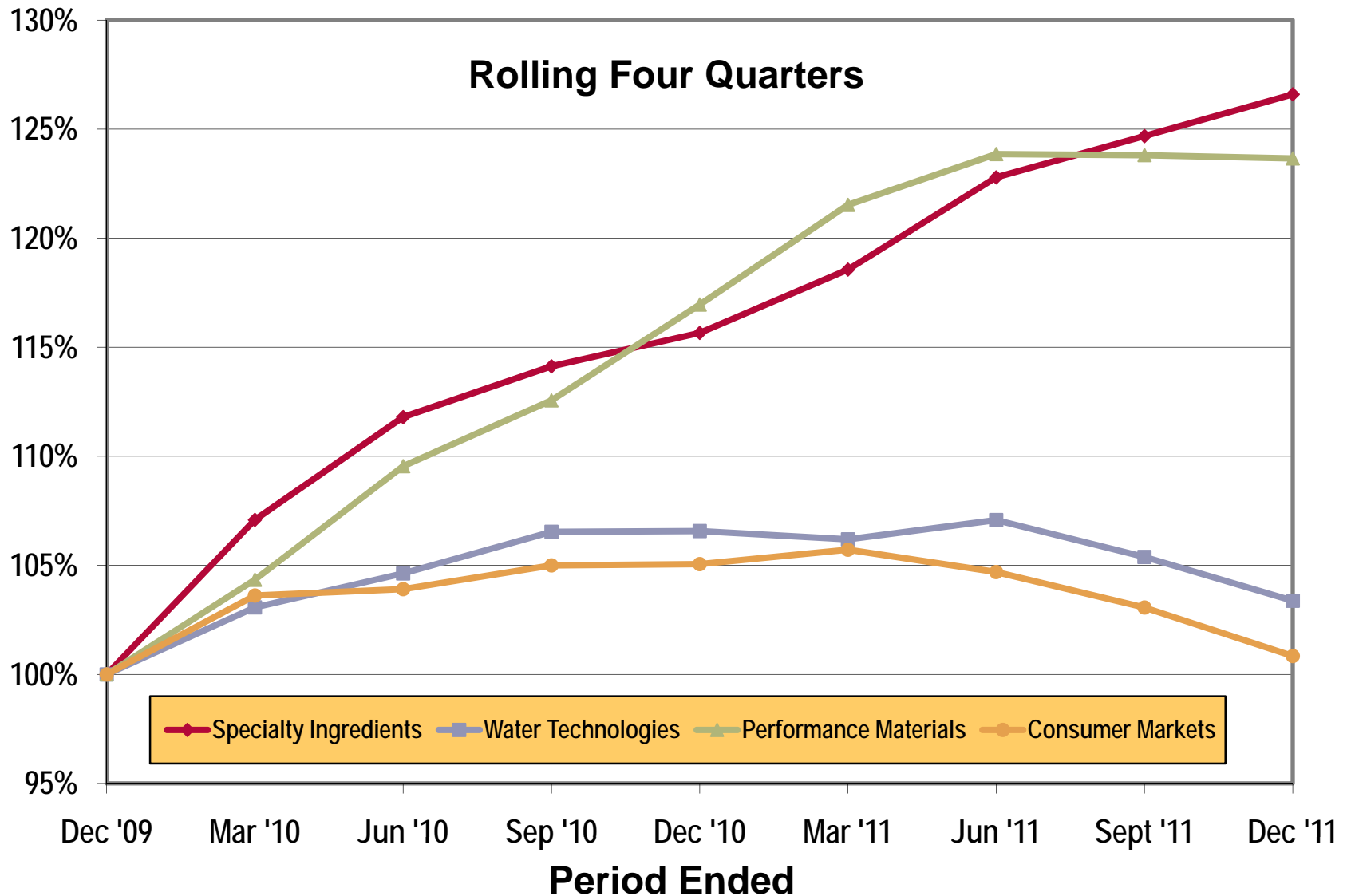
Adjusted Pro Forma Results Summary¹

(\$ in millions) Preliminary	Fiscal First Quarter			Three months ended	
	Three months ended Dec. 31,			Sept. 30,	
	2011	2010	Change	2011	Change
Sales	\$ 1,930	\$ 1,819	6 %	\$ 2,116	(9) %
Gross profit as a percent of sales	28.3 %	27.9 %	40 bp	25.3 %	300 bp
Selling, general and admin./R&D costs	\$ 364	\$ 367	(1) %	\$ 389	(6) %
Operating income	\$ 197	\$ 155	27 %	\$ 154	28 %
Operating income as a percent of sales	10.2 %	8.5 %	170 bp	7.3 %	290 bp
Depreciation and amortization	\$ 104	\$ 111	(6) %	\$ 110	(5) %
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 301	\$ 266	13 %	\$ 264	14 %
EBITDA as a percent of sales	15.6 %	14.6 %	100 bp	12.5 %	310 bp

- Previous quarters include ISP on a full-quarter, pro forma basis
- Better pricing and lower costs drove margin increases

¹ Ashland's earnings releases dated Jan. 24, 2012, and Nov. 8, 2011, available on Ashland's website at <http://investor.ashland.com>, reconcile adjusted amounts to amounts reported under GAAP.

Normalized Volume Trends¹

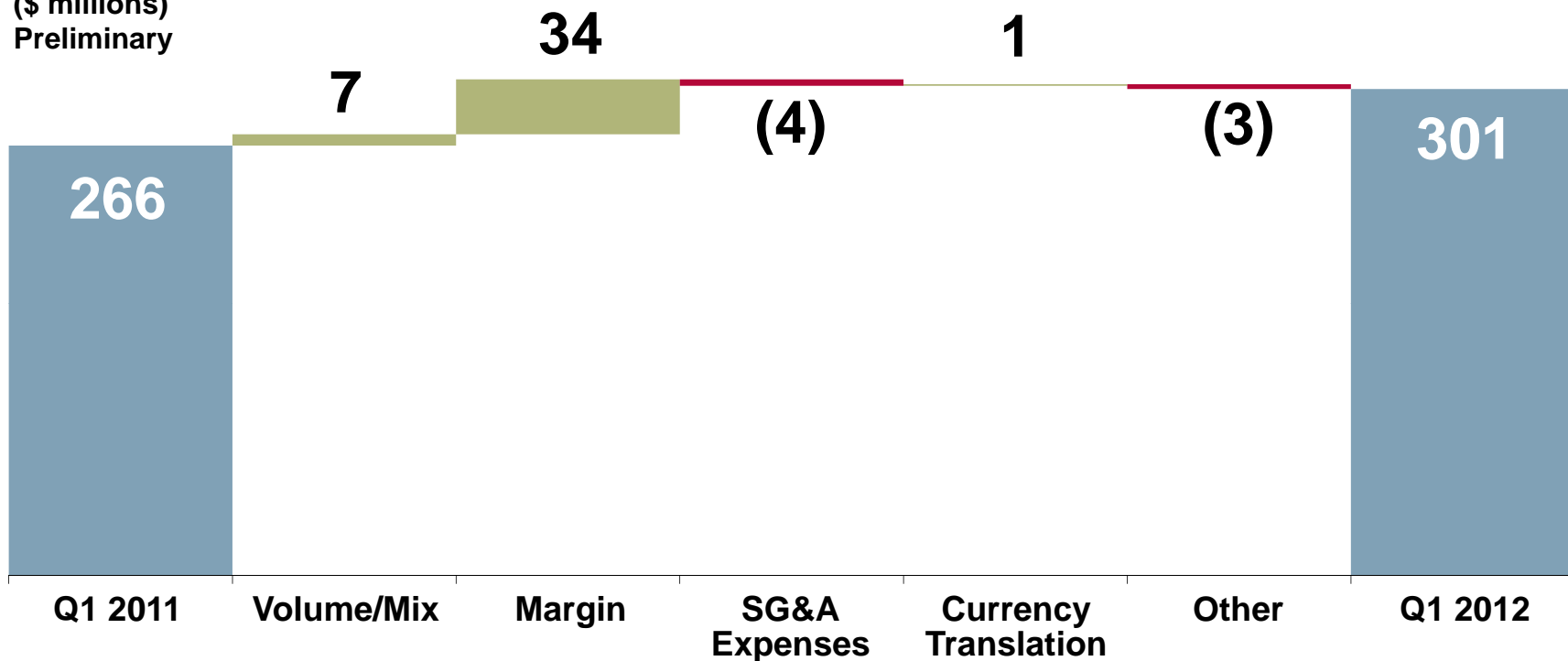


¹ Excludes volumes associated with Casting Solutions and divested Pinova, Hydrocolloids and Drew Marine businesses for all periods. Includes volumes associated with ISP and Ara Quimica for all periods.

Q1 FY 2011 vs. Q1 FY 2012

Adjusted Pro Forma EBITDA Bridge

(\$ millions)
Preliminary



- Volume gains driven by Specialty Ingredients' performance
- Margin benefited from significant pricing across all commercial units
 - Performance Materials benefited from lower raw material costs

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Liquidity and Net Debt

(\$ in millions)

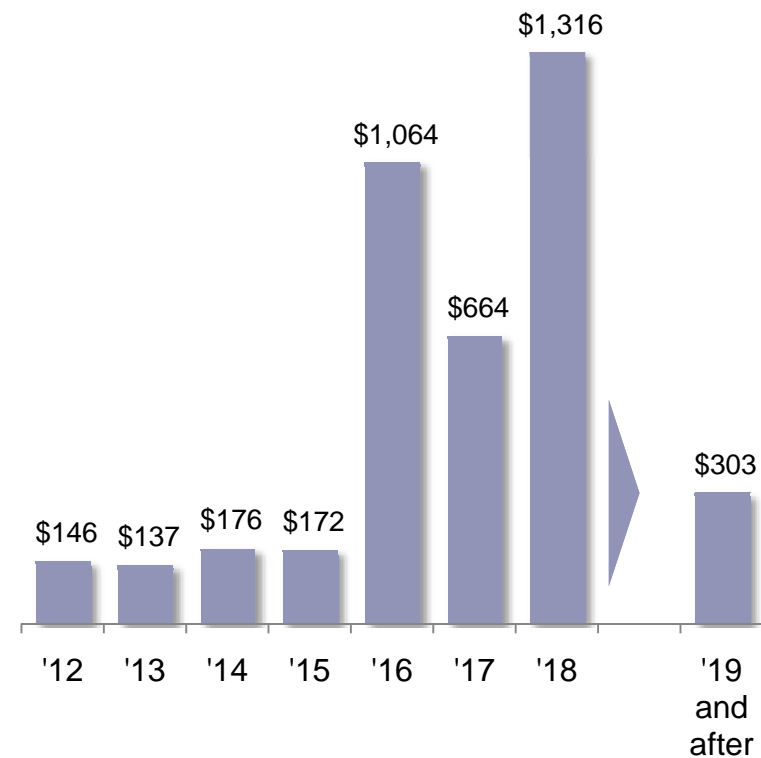
	At Dec. 31, 2011
Liquidity	
Cash	\$ 466
Available revolver capacity	916
Liquidity	\$ 1,382

Debt	Expiration	Interest Rate	Moody's	S&P	At Dec. 31, 2011
Revolver drawn ¹	08/2016	L+225	Baa3	BB	\$ -
Term Loan A	08/2016	L+225	Baa3	BB	1,481
Term Loan B	08/2018	L/Floor+275	Baa3	BB	1,396
9.125% senior notes ² , par \$650 million	06/2017	9.125%	Baa3	BB	633
6.5% debentures, par \$282 million	06/2029	6.50%	Ba2	B+	128
Other debt		Various			166
Total debt			Ba1/ Stable	BB/ Stable	\$ 3,804
Cash					\$ 466
Net debt (cash)					\$ 3,338

¹ \$1 billion facility, including ~\$84 million used for letters of credit

² Callable June 2013

Scheduled Debt Repayments by Fiscal Year



Ashland Specialty Ingredients

Adjusted Pro Forma Results Summary¹

(\$ in millions) Preliminary	Fiscal First Quarter			Three months ended	
	Three months ended Dec. 31,			Sept. 30,	
	2011	2010	Change	2011	Change
Metric tons sold (in thousands)	98.2	91.6	7 %	105.3	(7) %
Sales	\$ 628	\$ 527	19 %	\$ 672	(7) %
Gross profit as a percent of sales	33.4 %	30.0 %	340 bp	30.7 %	270 bp
Selling, general and admin./R&D costs	\$ 115	\$ 108	6 %	\$ 119	(3) %
Operating income	\$ 96	\$ 49	96 %	\$ 88	9 %
Operating income as a percent of sales	15.3 %	9.3 %	600 bp	13.1 %	220 bp
Depreciation and amortization	\$ 64	\$ 66	(3) %	\$ 67	(4) %
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 160	\$ 115	39 %	\$ 155	3 %
EBITDA as a percent of sales	25.5 %	21.8 %	370 bp	23.1 %	240 bp

- Strongest volume growth in construction and energy markets
- Better pricing, improved fixed cost absorption and lower manufacturing costs drove margin gains versus prior year

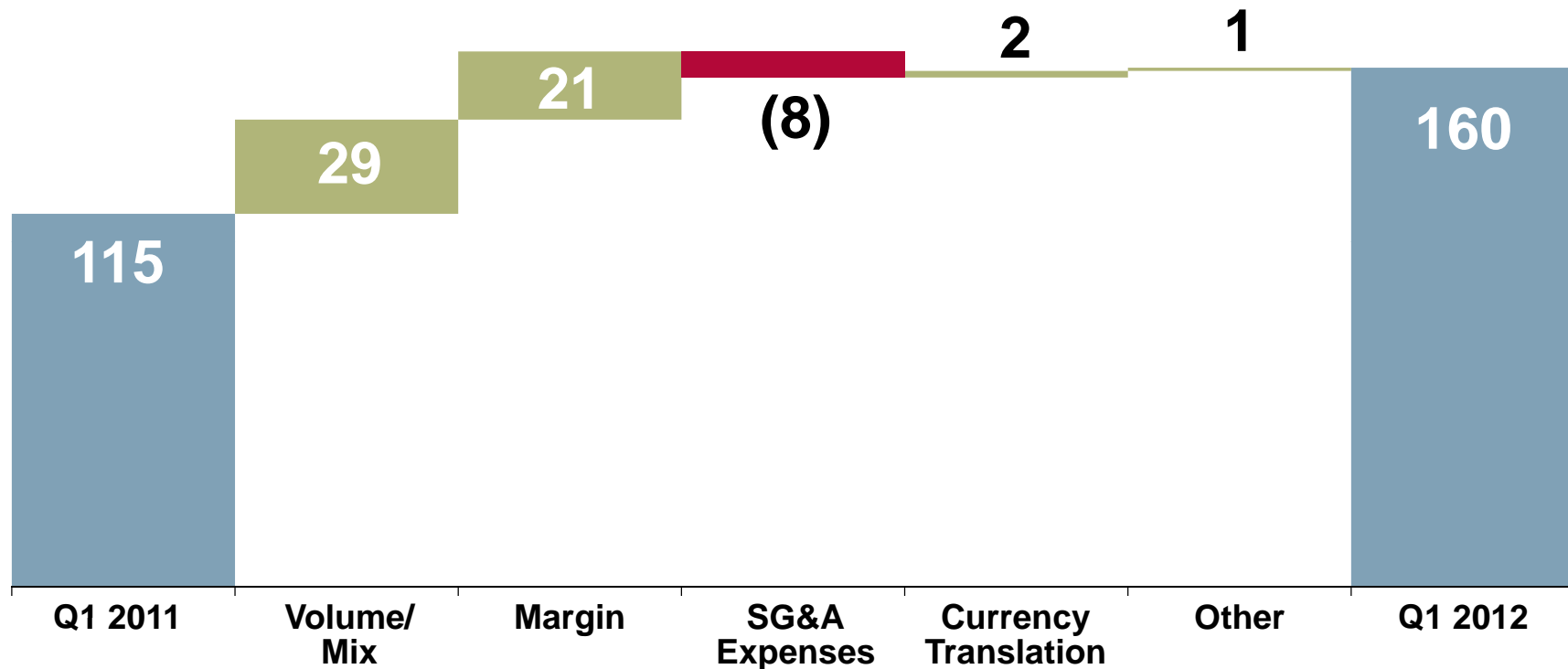
¹ Ashland's earnings releases dated Jan. 24, 2012, and Nov. 8, 2011, available on Ashland's website at <http://investor.ashland.com>, reconcile adjusted amounts to amounts reported under GAAP.

Ashland Specialty Ingredients

Adjusted Pro Forma EBITDA Bridge

(\$ millions)
Preliminary

Q1 FY 2011 versus Q1 FY 2012



- Improved volumes and margin drivers of EBITDA growth
- Volumes were up in all regions

ISP Integration

- Integration process well underway
- Making progress on open positions
 - Business leaders and their direct reports have all been selected
- Targeting global ERP implementation by first half of calendar 2013
 - Once completed, will consolidate back office support

ISP Stand-alone Performance

- Sales up 16% over December 2010 quarter, to \$450 million
 - Growth in all lines of business
- Gross profit as percent of sales of approximately 31%
 - Up roughly 250 basis points sequentially
- EBITDA of approximately \$120 million in December 2011 quarter
 - Up approximately 50% over prior-year quarter

Ashland Water Technologies

Adjusted Results Summary¹

(\$ in millions) Preliminary	Fiscal First Quarter			Three months ended	
	Three months ended Dec. 31,			Sept. 30,	
	2011	2010	Change	2011	Change
Sales	\$ 449	\$ 451	(0) %	\$ 491	(9) %
Gross profit as a percent of sales	30.8 %	31.6 %	(80) bp	31.4 %	(60) bp
Selling, general and admin./R&D costs	\$ 117	\$ 117	- %	\$ 125	(6) %
Operating income	\$ 21	\$ 28	(25) %	\$ 30	(30) %
Operating income as a percent of sales	4.7 %	6.2 %	(150) bp	6.1 %	(140) bp
Depreciation and amortization	\$ 19	\$ 21	(10) %	\$ 20	(5) %
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 40	\$ 49	(18) %	\$ 50	(20) %
EBITDA as a percent of sales	8.9 %	10.9 %	(200) bp	10.2 %	(130) bp

- Volumes down 8 percent versus prior December quarter
 - Primary contributor to reduced profitability

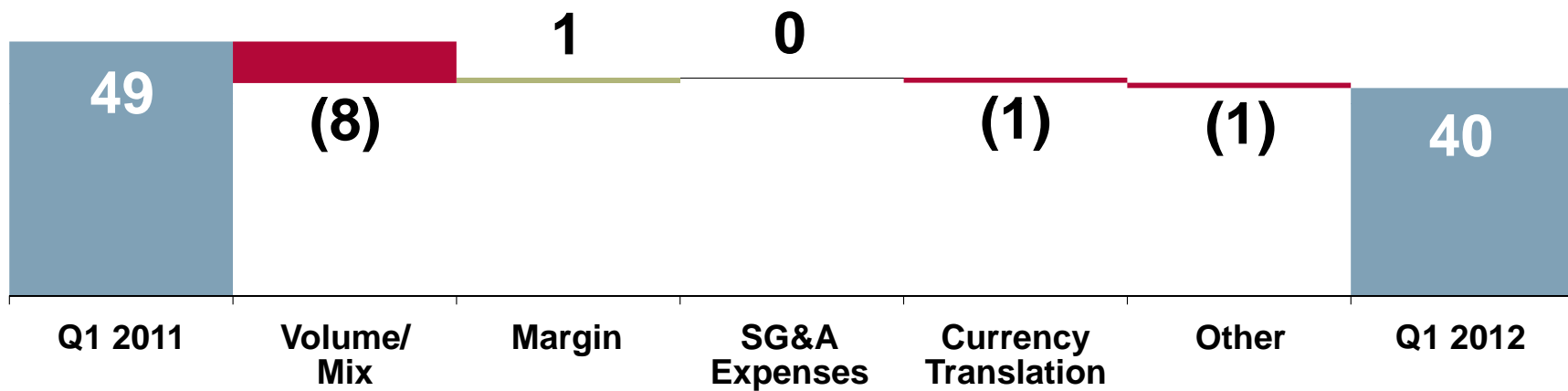
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Ashland Water Technologies

Adjusted EBITDA Bridge

(\$ millions)
Preliminary

Q1 FY 2011 versus Q1 FY 2012



- Lower volumes primary driver of EBITDA decline
- Pricing now slightly ahead of costs

Ashland Water Technologies

Strategic Actions

- Restore appropriate margins
 - Maintain pricing discipline
 - Pursue necessary cost efficiencies
- Build upon No. 1 position in Paper markets
 - Continue focus on Asia Pacific growth
 - Accelerate new product introductions
- Capture share in Industrial markets
 - Focus on Pulp, Mining, and Food and Beverage markets
 - Leverage OnGuard™ monitoring-and-control platform

Ashland Performance Materials

Adjusted Pro Forma Results Summary¹

(\$ in millions) Preliminary	Fiscal First Quarter			Three months ended	
	Three months ended Dec. 31,			Sept. 30,	
	2011	2010	Change	2011	Change
Metric tons sold (in thousands)	137.4	160.8	(15) %	148.3	(7) %
Sales	\$ 378	\$ 401	(6) %	\$ 436	(13) %
Gross profit as a percent of sales	19.2 %	17.2 %	200 bp	13.3 %	590 bp
Selling, general and admin./R&D costs	\$ 45	\$ 46	(2) %	\$ 40	13 %
Operating income	\$ 33	\$ 26	27 %	\$ 19	74 %
Operating income as a percent of sales	8.7 %	6.5 %	220 bp	4.4 %	430 bp
Depreciation and amortization	\$ 12	\$ 14	(14) %	\$ 12	- %
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 45	\$ 40	13 %	\$ 31	45 %
EBITDA as a percent of sales	11.9 %	10.0 %	190 bp	7.1 %	480 bp

- Excluding Casting Solutions, volumes down 2% versus Q1 2011
- Margin expansion largely due to higher pricing and declines in raw material costs during December quarter

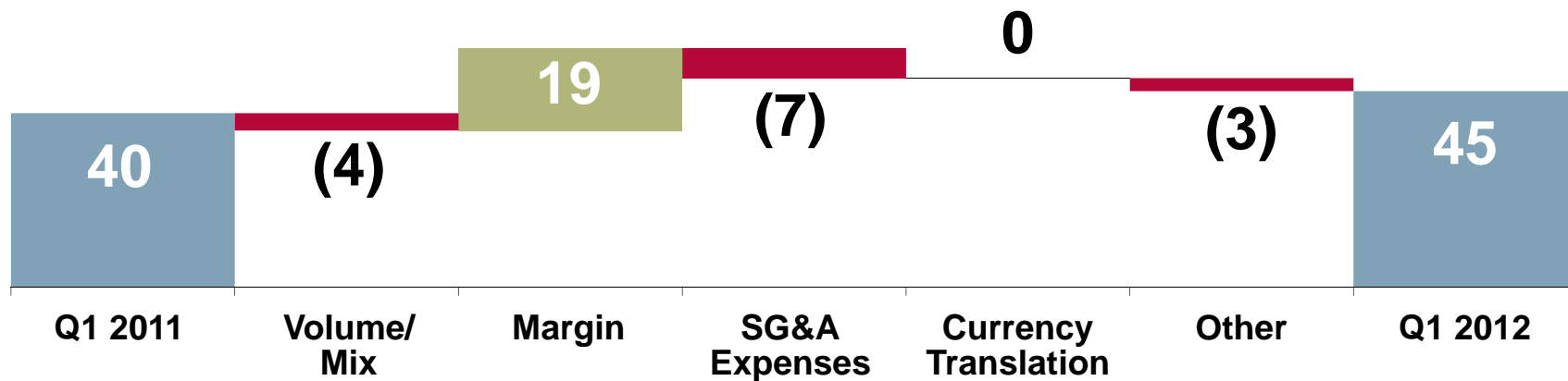
¹ Ashland's earnings releases dated Jan. 24, 2012, and Nov. 8, 2011, available on Ashland's website at <http://investor.ashland.com>, reconcile adjusted amounts to amounts reported under GAAP.

Ashland Performance Materials

Adjusted Pro Forma EBITDA Bridge

(\$ millions)
Preliminary

Q1 FY 2011 versus Q1 FY 2012



- Increased margin in all lines of business drove EBITDA growth
- Effects of ASK Chemicals joint venture captured in Other

Ashland Consumer Markets Adjusted Results Summary¹

(\$ in millions) Preliminary	Fiscal First Quarter			Three months ended	
	Three months ended Dec. 31,			Sept. 30,	
	2011	2010	Change	2011	Change
Lubricant gallons (in millions)	36.7	40.4	(9) %	41.5	(12) %
Sales	\$ 475	\$ 440	8 %	\$ 517	(8) %
Gross profit as a percent of sales	25.3 %	30.9 %	(560) bp	23.0 %	230 bp
Selling, general and admin./R&D costs	\$ 79	\$ 75	5 %	\$ 94	(16) %
Operating income	\$ 47	\$ 67	(30) %	\$ 29	62 %
Operating income as a percent of sales	9.9 %	15.2 %	(530) bp	5.6 %	430 bp
Depreciation and amortization	\$ 9	\$ 9	- %	\$ 10	(10) %
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 56	\$ 76	(26) %	\$ 39	44 %
EBITDA as a percent of sales	11.8 %	17.3 %	(550) bp	7.5 %	430 bp

- Roughly half of volume decline versus Q1 2011 due to loss of low-margin tolling account
- Improved pricing and lower base oil costs as of Jan. 1

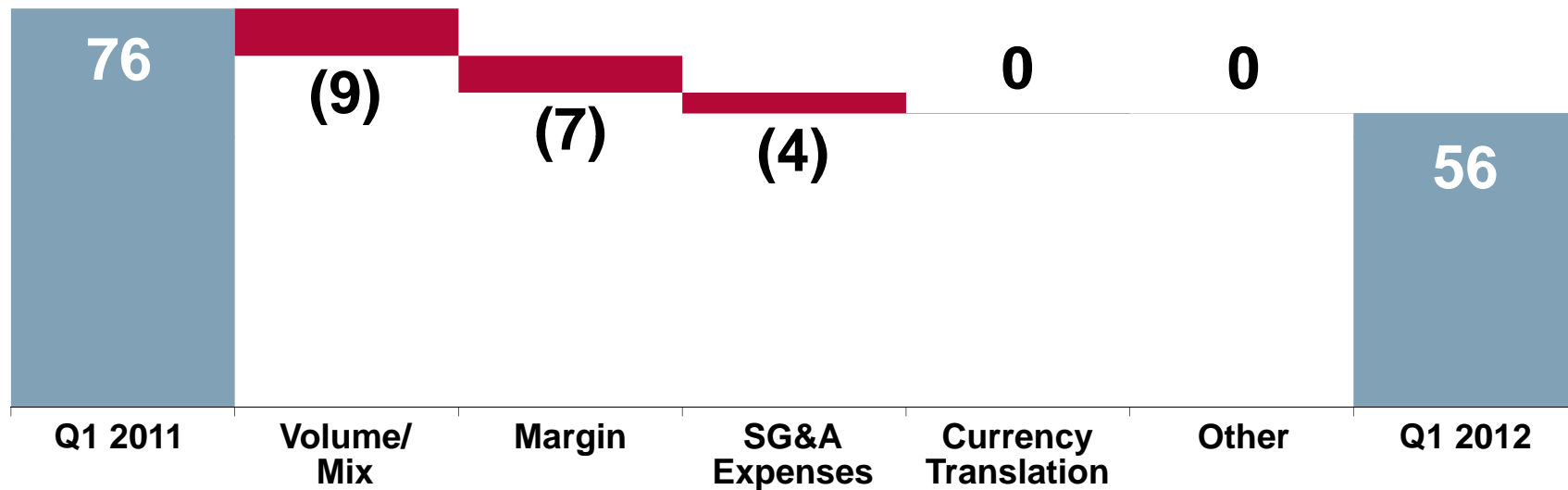
¹ Ashland's earnings releases dated Jan. 24, 2012, and Nov. 8, 2011, available on Ashland's website at <http://investor.ashland.com>, reconcile adjusted amounts to amounts reported under GAAP.

Ashland Consumer Markets

Adjusted EBITDA Bridge

(\$ millions)
Preliminary

Q1 FY 2011 versus Q1 FY 2012



- Volume declines concentrated in North American Do-It-Yourself market channel
- Margin negatively affected by increased year-over-year costs of approximately \$65 million

Cost-Reduction Program

- Targeting \$90 million of annualized savings
 - \$40 million of stranded and corporate costs
 - \$50 million of ISP acquisition synergies
- Achieved approximately \$30 million of run-rate savings at end of December quarter
- Expect full \$40 million in run-rate savings by end of March quarter
- \$50 million acquisition synergies by end of fiscal 2013
 - Two-thirds expected by end of fiscal 2012

Fiscal First Quarter 2012

Corporate Items

- Capital expenditures of \$44 million
- Net interest expense of \$57 million
- Effective tax rate of 30%
 - Excludes key items
- Trade working capital of 18.6% of annualized sales
- Free cash flow¹ usage of \$147 million
 - Excludes ISP change-of-control payments
- Completed two small divestitures shortly after quarter-end

¹ Free cash flow is defined as Cash Flows Provided by Operating Activities from Continuing Operations less Additions to Property, Plant and Equipment less Cash Dividends Paid.

Fiscal First Quarter 2012

Performance Summary

- Great start to fiscal 2012
 - Significant margin improvement due to cumulative effect of pricing during past year
 - Ashland's seasonally weakest quarter
- Sales up 6% over prior year despite volume decline of 3%
- EBITDA of \$301 million, up 13% over prior year
 - ISP EBITDA of approximately \$120 million
- EBITDA margin of 15.6%, up 100 basis points over prior year
 - Up 310 basis points sequentially

Outlook

- Volume trends expected to improve as fiscal year progresses
 - Expanding Specialty Ingredients' capacity to support growth
- Raw materials less of a concern
 - Specialty Ingredients most successful in recovering costs
- Continued progress on integration goals
 - Stranded costs are being addressed
- Plan to build liquidity to call highest interest-rate debt

Ashland Investment Thesis

- Ashland transformation is complete
- Margin profile now reflective of specialty chemical business
- Consistent, predictable earnings and cash-flow generation
 - Significantly less cyclical portfolio
- Well-positioned for growth and earnings expansion
 - 2014 EPS target of \$9.50 to \$10.50 per share

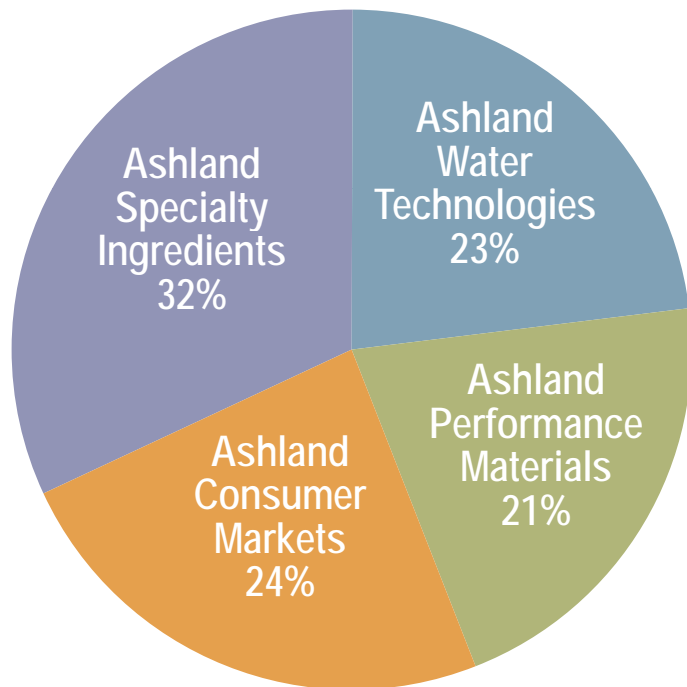


Appendix A:
Business Profiles
12 Months Ended Dec. 31, 2011

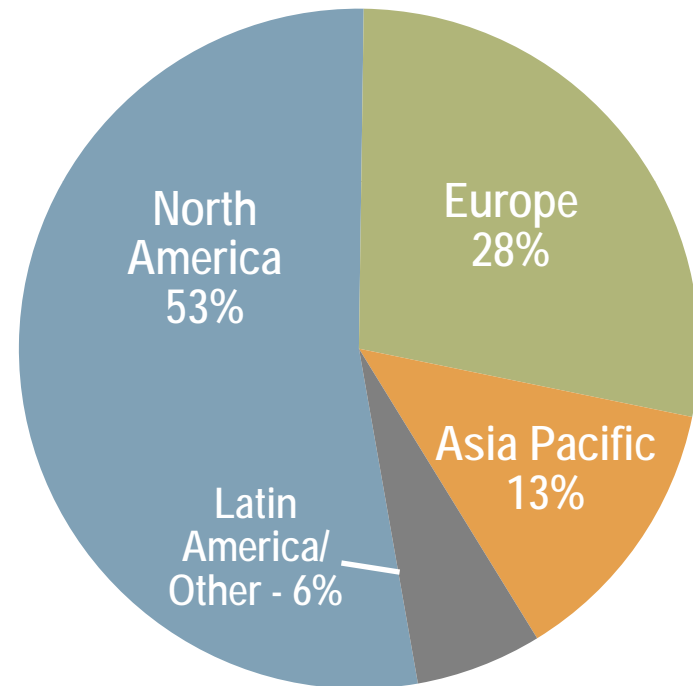
Corporate Profile

Pro Forma Sales¹ - \$8.3 Billion

By commercial unit



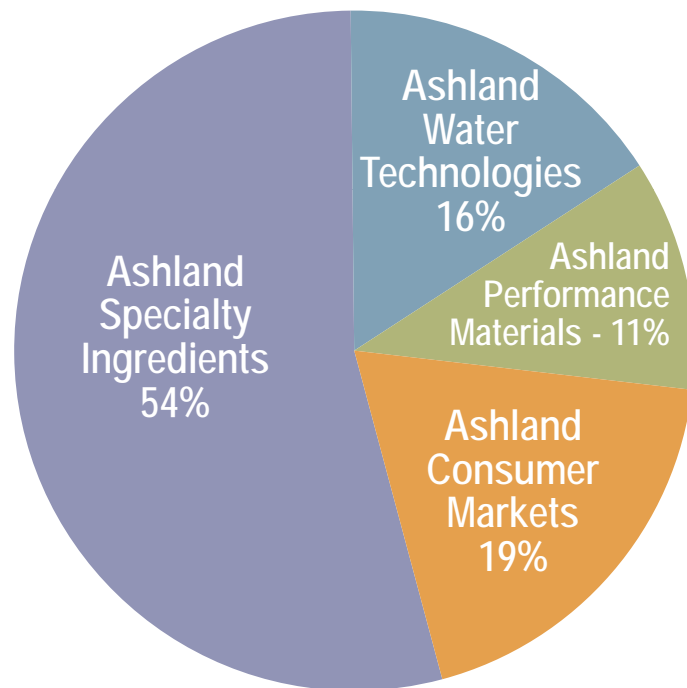
By geography



¹ For 12 months ended Dec. 31, 2011.

Corporate Profile

Pro Forma Adjusted EBITDA¹ - \$1.2 Billion



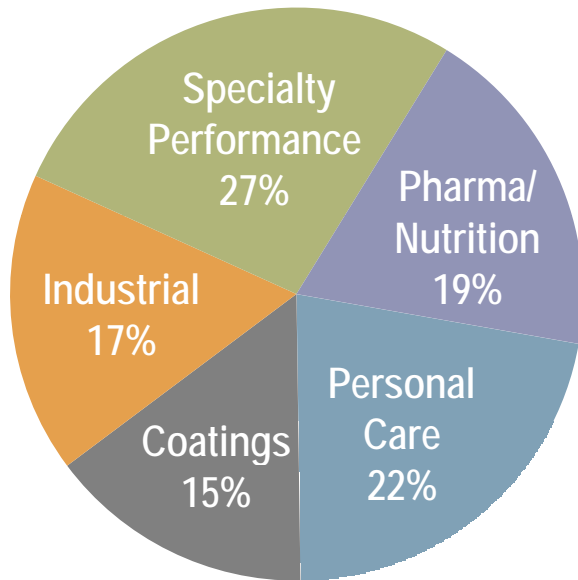
NYSE Ticker Symbol:	ASH
Total Employees:	~15,000
Outside North America	~45%
Number of Countries in Which Ashland Has Sales:	More than 100

¹ For 12 months ended Dec. 31, 2011. See Appendix B for reconciliation to amounts reported under GAAP.

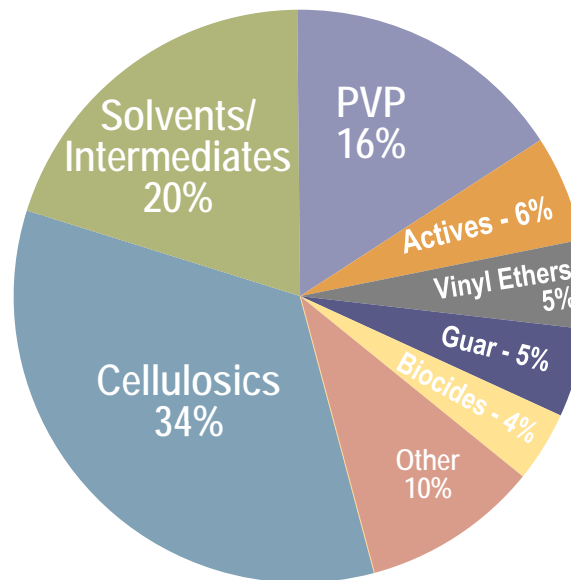
Ashland Specialty Ingredients

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

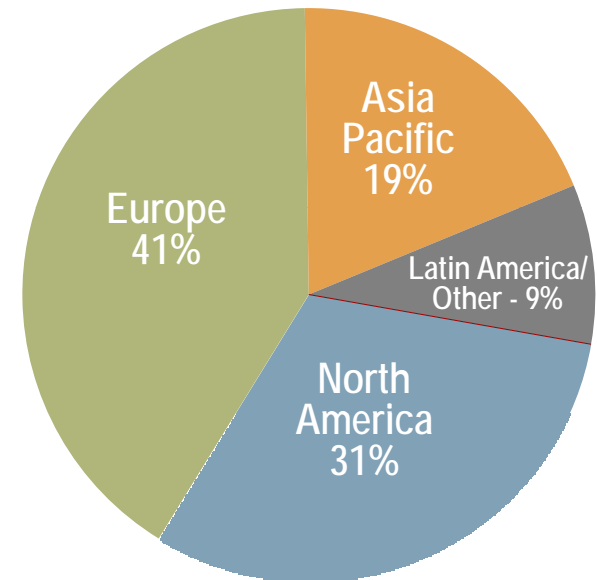
**Sales
by Market**



**Sales
by Product²**



**Sales
by Geography**



Pro Forma for 12 Months Ended Dec. 31, 2011

Sales: \$2.6 billion

Adjusted EBITDA: \$655 million¹

Adjusted EBITDA Margin: 24.8%¹

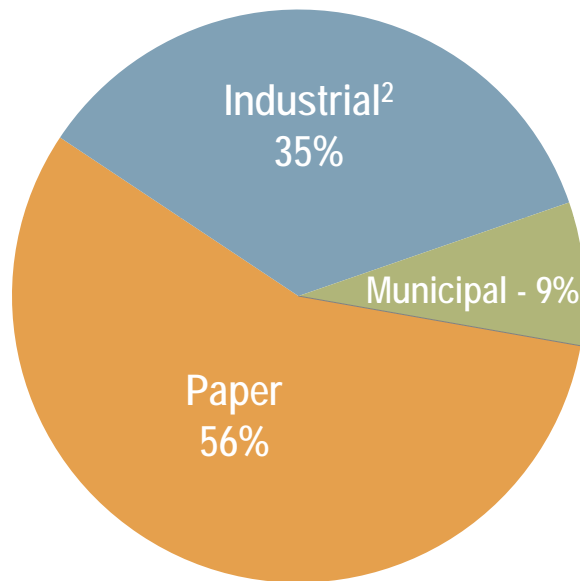
¹ See Appendix B for reconciliation to amounts reported under GAAP.

² Sales by Product reflect updated product categorization.

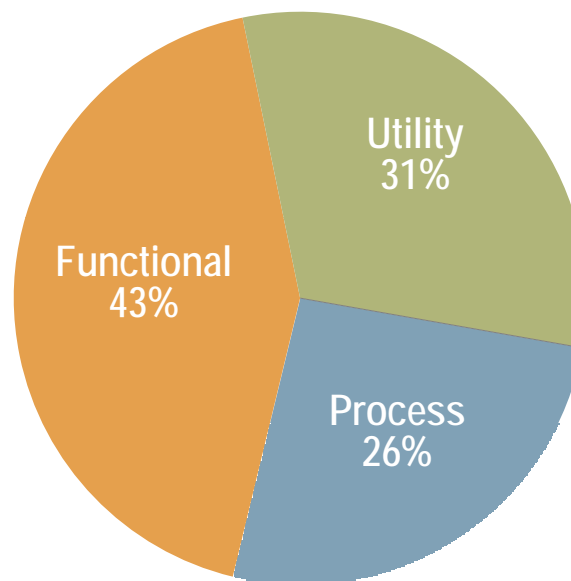
Ashland Water Technologies

Providing specialty chemicals and services to water-intensive industries

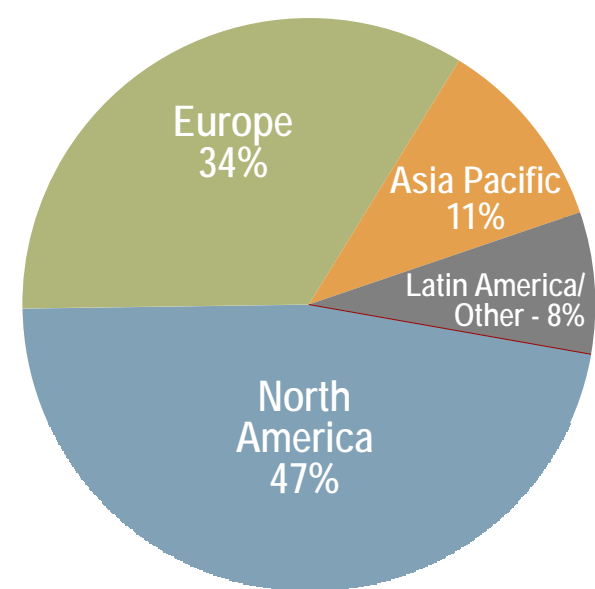
Sales
by Market



Sales
by Product



Sales
by Geography



For 12 Months Ended Dec. 31, 2011

Sales: \$1.9 billion

Adjusted EBITDA: \$186 million¹

Adjusted EBITDA Margin: 9.8%¹

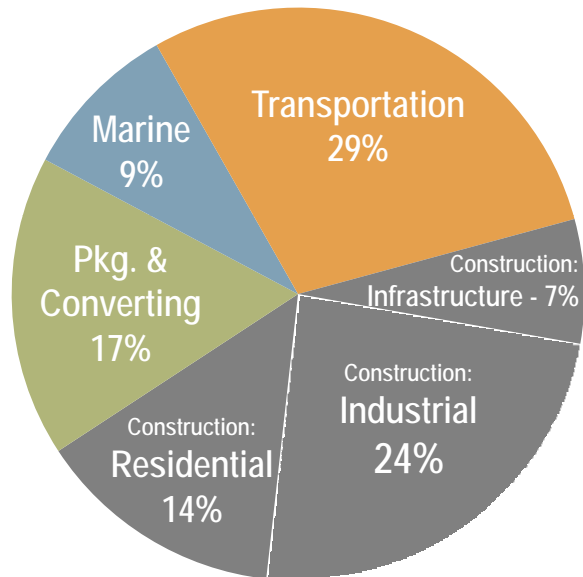
¹ See Appendix B for reconciliation to amounts reported under GAAP.

² Includes Pulp markets.

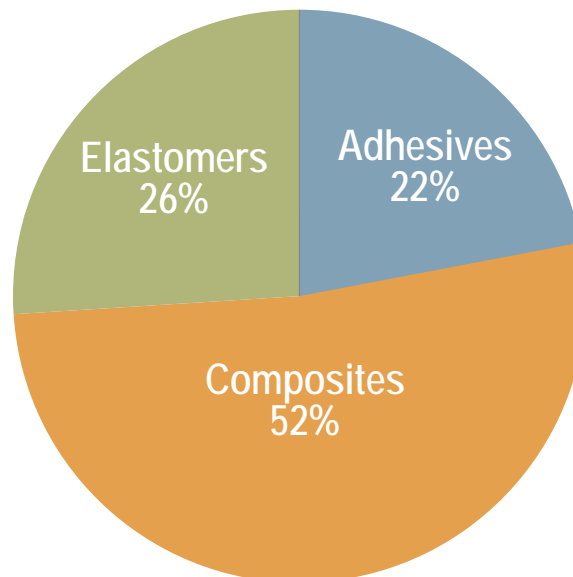
Ashland Performance Materials

Global leader in composite resins, specialty adhesives and elastomers

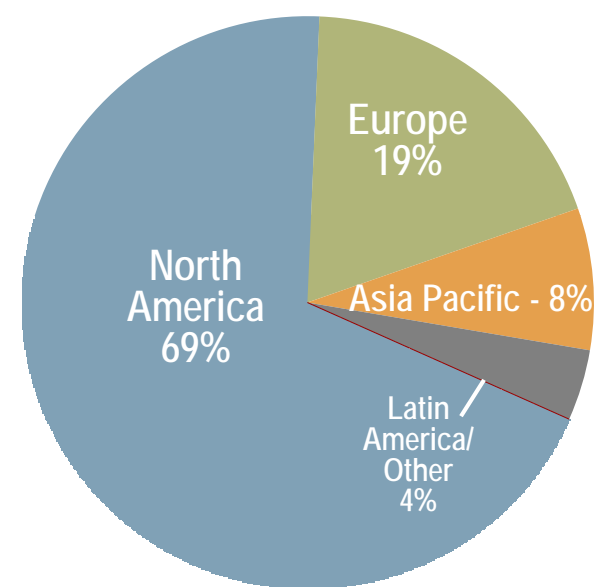
Sales by Market²



Sales by Product²



Sales by Geography²



Pro Forma for 12 Months Ended Dec. 31, 2011

Sales: \$1.7 billion

Adjusted EBITDA¹: \$136 million

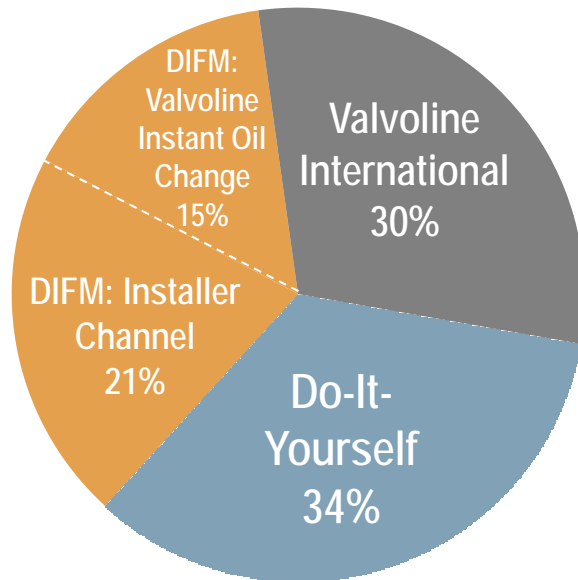
Adjusted EBITDA Margin¹: 7.9%

¹ See Appendix B for reconciliation to amounts reported under GAAP.

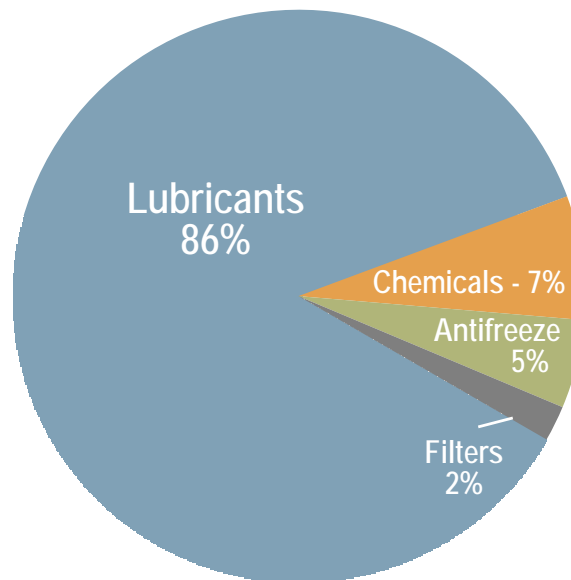
² Excludes sales from Casting Solutions.

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

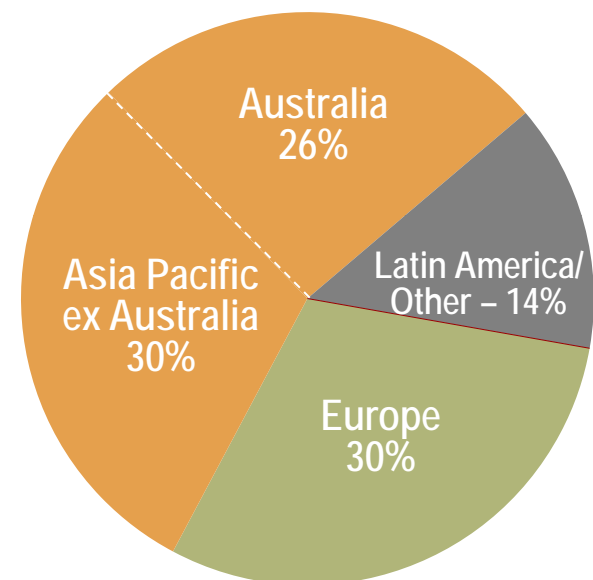
Sales by Market



Sales by Product



International Sales by Region²



For 12 Months Ended Dec. 31, 2011

Sales: \$2.0 billion¹
EBITDA: \$230 million¹
EBITDA Margin: 11.5%¹

¹ See Appendix B for reconciliation to amounts reported under GAAP.

² Includes nonconsolidated joint ventures.



Appendix B: Reclassifications and Regulation G Reconciliations

Ashland Inc. and Consolidated Subsidiaries

Reconciliation of Non-GAAP Data

for 12 Months Ended Dec. 31, 2011

(\$ millions, except percentages)

Sales	Q1 12	Q4 11	Q3 11	Q2 11	Total	
Specialty Ingredients	628	467	303	270	1,668	
Water Technologies	449	491	490	471	1,901	
Performance Materials	378	371	352	325	1,426	
Consumer Markets	475	517	522	491	2,005	
Total	1,930	1,846	1,667	1,557	7,000	
Pro Forma ISP Results	-	270	511	479	1,260	
Pro Forma Total	1,930	2,116	2,178	2,036	8,260	
						Pro Forma Adjusted
Adjusted EBITDA	Q1 12	Q4 11	Q3 11	Q2 11	Total	EBITDA Margin
Specialty Ingredients	160	114	75	66	415	24.9%
Water Technologies	40	50	45	51	186	9.8%
Performance Materials	45	24	24	22	115	8.1%
Consumer Markets	56	39	62	73	230	11.5%
Unallocated	-	(6)	(3)	(6)	(15)	
Total	301	221	203	206	931	
Pro Forma ISP Results	-	43	104	116	263	
Pro Forma Total	301	264	307	322	1,194	

¹ Calculation of adjusted EBITDA for Q1 12 and Q4 11 have been reconciled within each quarterly earnings release filed with the SEC and posted on Ashland's website. Calculation of adjusted EBITDA for Q3 11 and Q2 11 have been reconciled within previous earnings release presentations posted on Ashland's website.

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With good chemistry great things happen.™

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