

**STATEMENTS OF CONSOLIDATED INCOME**

(In millions except per share data - preliminary and unaudited)

	Three months ended December 31	
	<u>2009</u>	<u>2008</u> (d)
<b>SALES</b>	\$ 2,020	\$ 1,966
<b>COSTS AND EXPENSES</b>		
Cost of sales (a)	1,534	1,641
Selling, general and administrative expenses (a)	334	317
Research and development expenses (b)	20	27
	<u>1,888</u>	<u>1,985</u>
<b>EQUITY AND OTHER INCOME</b>	<u>14</u>	<u>12</u>
<b>OPERATING INCOME (LOSS)</b>	146	(7)
Net interest and other financing expense	(41)	(28)
Net gain on divestitures	-	1
Other expenses (c)	-	(86)
<b>INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES</b>	<u>105</u>	<u>(120)</u>
Income tax expense (benefit)	29	(1)
<b>INCOME (LOSS) FROM CONTINUING OPERATIONS</b>	<u>76</u>	<u>(119)</u>
Income from discontinued operations (net of income taxes)	10	-
<b>NET INCOME (LOSS)</b>	<u>\$ 86</u>	<u>\$ (119)</u>
<b>DILUTED EARNINGS PER SHARE</b>		
Income (loss) from continuing operations	\$ .97	\$ (1.73)
Income from discontinued operations	.13	-
Net income (loss)	<u>\$ 1.10</u>	<u>\$ (1.73)</u>
<b>AVERAGE COMMON SHARES AND ASSUMED CONVERSIONS</b>	78	69
<b>SALES</b>		
Functional Ingredients	\$ 210	\$ 119
Water Technologies	443	318
Performance Materials	271	324
Consumer Markets	400	388
Distribution	729	853
Intersegment sales	(33)	(36)
	<u>\$ 2,020</u>	<u>\$ 1,966</u>
<b>OPERATING INCOME (LOSS)</b>		
Functional Ingredients	\$ 27	\$ (7)
Water Technologies	39	(6)
Performance Materials	8	5
Consumer Markets	67	19
Distribution	6	10
Unallocated and other	(1)	(28)
	<u>\$ 146</u>	<u>\$ (7)</u>

(a) The three months ended December 31, 2009 includes \$2 million within the selling, general and administrative expenses caption for restructuring charges. The three months ended December 31, 2008 includes a \$26 million severance charge within the selling, general and administrative expenses caption for the ongoing integration and reorganization from the Hercules acquisition and other cost reduction programs and a \$21 million charge recorded within the cost of sales caption for a one-time fair value assessment of Hercules inventory as of the date of the transaction.

(b) The three months ended December 31, 2008 includes a \$10 million charge related to the valuation of the ongoing research and development projects at Hercules as of the merger date. In accordance with applicable U.S. GAAP and SEC accounting regulations, these purchased in-process research and development costs should be expensed upon acquisition.

(c) The three months ended December 31, 2008 includes a \$54 million loss on currency swaps related to the Hercules acquisition and a \$32 million loss on auction rate securities.

(d) Results from November 14, 2008 forward include operations acquired from Hercules Incorporated.

Ashland Inc. and Consolidated Subsidiaries  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In millions - preliminary and unaudited)

Table 2

	December 31	
	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 406	\$ 222
Accounts receivable	1,289	1,499
Inventories	593	688
Deferred income taxes	101	103
Other current assets	32	121
Current assets held for sale	46	88
	<u>2,467</u>	<u>2,721</u>
Noncurrent assets		
Auction rate securities	126	225
Goodwill	2,213	2,100
Intangibles	1,182	1,328
Asbestos insurance receivable (noncurrent portion)	484	447
Deferred income taxes	100	-
Other noncurrent assets	585	639
Noncurrent assets held for sale	60	91
	<u>4,750</u>	<u>4,830</u>
Property, plant and equipment		
Cost	3,451	3,429
Accumulated depreciation and amortization	(1,438)	(1,238)
	<u>2,013</u>	<u>2,191</u>
Total assets	<u>\$ 9,230</u>	<u>\$ 9,742</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Short-term debt	\$ 28	\$ 246
Current portion of long-term debt	50	94
Trade and other payables	834	871
Accrued expenses and other liabilities	439	505
Current liabilities held for sale	6	23
	<u>1,357</u>	<u>1,739</u>
Noncurrent liabilities		
Long-term debt (noncurrent portion)	1,516	2,128
Employee benefit obligations	1,118	663
Asbestos litigation reserve (noncurrent portion)	906	807
Deferred income taxes	-	236
Other noncurrent liabilities	579	569
	<u>4,119</u>	<u>4,403</u>
Stockholders' equity	<u>3,754</u>	<u>3,600</u>
Total liabilities and stockholders' equity	<u>\$ 9,230</u>	<u>\$ 9,742</u>

**STATEMENTS OF CONSOLIDATED CASH FLOWS**

(In millions - preliminary and unaudited)

	Three months ended December 31	
	<u>2009</u>	<u>2008</u>
<b>CASH FLOWS PROVIDED BY OPERATING ACTIVITIES FROM CONTINUING OPERATIONS</b>		
Net income (loss)	\$ 86	\$ (119)
Income from discontinued operations (net of income taxes)	(10)	-
Adjustments to reconcile income (loss) from continuing operations to cash flows from operating activities		
Depreciation and amortization	80	62
Debt issuance cost amortization	6	6
Purchased in-process research and development amortization	-	10
Deferred income taxes	26	13
Equity income from affiliates	(6)	(5)
Distributions from equity affiliates	5	2
Gain from sale of property and equipment	(2)	-
Stock based compensation expense	4	2
Stock contributions to qualified savings plans	9	-
Net gain on divestitures	-	(1)
Inventory fair value adjustment related to Hercules acquisition	-	21
Loss on currency swaps related to Hercules acquisition	-	54
Loss on auction rate securities	-	32
Change in operating assets and liabilities (a)	(163)	(3)
	<u>35</u>	<u>74</u>
<b>CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES FROM CONTINUING OPERATIONS</b>		
Additions to property, plant and equipment	(21)	(38)
Proceeds from disposal of property, plant and equipment	3	2
Purchase of operations - net of cash acquired	-	(2,082)
Proceeds from sale of operations	-	7
Settlement of currency swaps related to Hercules acquisition	-	(95)
Proceeds from sales and maturities of available-for-sale securities	44	18
	<u>26</u>	<u>(2,188)</u>
<b>CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES FROM CONTINUING OPERATIONS</b>		
Proceeds from issuance of long-term debt	-	2,000
Repayment of long-term debt	(25)	(601)
Proceeds from/repayments of issuance of short-term debt	6	205
Debt issuance costs	-	(138)
Cash dividends paid	(6)	(6)
Proceeds from exercise of stock options	1	-
	<u>(24)</u>	<u>1,460</u>
<b>CASH PROVIDED (USED) BY CONTINUING OPERATIONS</b>		
Cash provided by discontinued operations		
Operating cash flows	13	5
Effect of currency exchange rate changes on cash and cash equivalents	4	(15)
	<u>54</u>	<u>(664)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents - beginning of year	352	886
<b>CASH AND CASH EQUIVALENTS - END OF PERIOD</b>	<u>\$ 406</u>	<u>\$ 222</u>
<b>DEPRECIATION AND AMORTIZATION</b>		
Functional Ingredients	\$ 27	\$ 16
Water Technologies	24	16
Performance Materials	13	13
Consumer Markets	9	9
Distribution	7	8
	<u>\$ 80</u>	<u>\$ 62</u>
<b>ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT</b>		
Functional Ingredients	\$ 10	\$ 14
Water Technologies	3	5
Performance Materials	2	4
Consumer Markets	3	8
Distribution	-	1
Unallocated and other	3	6
	<u>\$ 21</u>	<u>\$ 38</u>

(a) Excludes changes resulting from operations acquired or sold.

Ashland Inc. and Consolidated Subsidiaries  
**INFORMATION BY INDUSTRY SEGMENT**  
(In millions - preliminary and unaudited)

Table 4

	Three months ended December 31	
	2009	2008
<b>FUNCTIONAL INGREDIENTS</b> (a) (b)		
Sales per shipping day	\$ 3.4	\$ 4.0
Metric tons sold (thousands)	37.4	24.4
Gross profit as a percent of sales	33.7%	15.7%
<b>WATER TECHNOLOGIES</b> (a) (b)		
Sales per shipping day	\$ 7.2	\$ 5.1
Gross profit as a percent of sales	36.6%	30.3%
<b>PERFORMANCE MATERIALS</b> (a)		
Sales per shipping day	\$ 4.4	\$ 5.2
Pounds sold per shipping day	4.0	4.3
Gross profit as a percent of sales	18.4%	15.9%
<b>CONSUMER MARKETS</b> (a)		
Lubricant sales (gallons)	40.3	33.0
Premium lubricants (percent of U.S. branded volumes)	28.3%	27.1%
Gross profit as a percent of sales	33.9%	21.8%
<b>DISTRIBUTION</b> (a)		
Sales per shipping day	\$ 11.8	\$ 13.8
Pounds sold per shipping day	14.3	15.5
Gross profit as a percent of sales	9.2%	8.6%

(a) Sales are defined as net sales. Gross profit as a percent of sales is defined as sales, less cost of sales divided by sales.

(b) Industry segment results from November 14, 2008 forward include operations acquired from Hercules Incorporated.

**RECONCILIATION OF NON-GAAP DATA - INCOME (LOSS) FROM CONTINUING OPERATIONS**

(In millions - preliminary and unaudited)

**Three Months Ended December 31, 2009**

	Functional Ingredients	Water Technologies	Performance Materials	Consumer Markets	Distribution	Unallocated & Other	Total
<b>OPERATING INCOME (LOSS)</b>							
All other operating income (loss)	\$ 27	\$ 39	\$ 8	\$ 67	\$ 6	\$ (1)	\$ 146
<b>NET INTEREST AND OTHER FINANCING EXPENSE</b>						(41)	(41)
<b>INCOME TAX EXPENSE (BENEFIT)</b>						(6)	(6)
Discrete tax matters						35	35
All other income tax expense						29	29
<b>INCOME (LOSS) FROM CONTINUING OPERATIONS</b>	<u>\$ 27</u>	<u>\$ 39</u>	<u>\$ 8</u>	<u>\$ 67</u>	<u>\$ 6</u>	<u>\$ (71)</u>	<u>\$ 76</u>

**Three Months Ended December 31, 2008**

	Functional Ingredients	Water Technologies	Performance Materials	Consumer Markets	Distribution	Unallocated & Other	Total
<b>OPERATING INCOME (LOSS)</b>							
Severance	\$ -	\$ (2)	\$ -	\$ -	\$ -	\$ (24)	\$ (26)
Inventory fair value adjustment	(14)	(7)	-	-	-	-	(21)
Purchased in-process research and development expense	(5)	(5)	-	-	-	-	(10)
All other operating income (loss)	12	8	5	19	10	(4)	50
Operating income	<u>(7)</u>	<u>(6)</u>	<u>5</u>	<u>19</u>	<u>10</u>	<u>(28)</u>	<u>(7)</u>
<b>NET GAIN ON DIVESTITURES</b>						1	1
<b>NET INTEREST AND OTHER FINANCING EXPENSE</b>						(28)	(28)
<b>OTHER EXPENSES</b>						(54)	(54)
Loss on currency swaps related to Hercules acquisition						(32)	(32)
Loss on auction rate securities						(86)	(86)
<b>INCOME TAX EXPENSE (BENEFIT)</b>						25	25
Discrete tax matters						(26)	(26)
All other income tax expense						(1)	(1)
<b>INCOME (LOSS) FROM CONTINUING OPERATIONS</b>	<u>\$ (7)</u>	<u>\$ (6)</u>	<u>\$ 5</u>	<u>\$ 19</u>	<u>\$ 10</u>	<u>\$ (140)</u>	<u>\$ (119)</u>

Ashland Inc. and Consolidated Subsidiaries  
**RECONCILIATION OF NON-GAAP DATA - EBITDA**  
(In millions - preliminary and unaudited)

Table 6

<b>RECONCILIATION OF 2010 FISCAL FIRST QUARTER ADJUSTED PRO FORMA RESULTS</b>			
(\$ millions, except percentages)			
Preliminary ASHLAND AQUALON FUNCTIONAL INGREDIENTS Three Months Ended December 31, 2009	Ashland GAAP Results	Eliminate Key Items (Table 5)	Adjusted Pro Forma Results
Sales	\$ 210		\$ 210
Cost of sales	139		139
Gross profit as a percent of sales	33.7%		33.7%
SG&A expenses (includes research and development)	44		44
Equity and other income	-		-
Operating income	27		27
Operating income as a percent of sales	12.9%		12.9%
Depreciation and amortization	27		27
Earnings before interest, taxes, depreciation and amortization	\$ 54	\$ -	\$ 54
EBITDA as a percent of sales	25.7%		25.7%
<b>RECONCILIATION OF 2010 FISCAL FIRST QUARTER ADJUSTED PRO FORMA RESULTS</b>			
(\$ millions, except percentages)			
Preliminary ASHLAND HERCULES WATER TECHNOLOGIES Three Months Ended December 31, 2009	Ashland GAAP Results	Eliminate Key Items (Table 5)	Adjusted Pro Forma Results
Sales	\$ 443		\$ 443
Cost of sales	281		281
Gross profit as a percent of sales	36.6%		36.6%
SG&A expenses (includes research and development)	123		123
Equity and other income	-		-
Operating income	39		39
Operating income as a percent of sales	8.8%		8.8%
Depreciation and amortization	24		24
Earnings before interest, taxes, depreciation and amortization	\$ 63	\$ -	\$ 63
EBITDA as a percent of sales	14.2%		14.2%

Ashland Inc. and Consolidated Subsidiaries  
**RECONCILIATION OF NON-GAAP DATA - EBITDA**  
(In millions - preliminary and unaudited)

Table 6

<b>RECONCILIATION OF 2010 FISCAL FIRST QUARTER ADJUSTED PRO FORMA RESULTS</b>			
(\$ millions, except percentages)			
Preliminary <b>ASHLAND PERFORMANCE MATERIALS</b> Three Months Ended December 31, 2009	<b>Ashland GAAP Results</b>	<b>Eliminate Key Items (Table 5)</b>	<b>Adjusted Pro Forma Results</b>
Sales	\$ 271		\$ 271
Cost of sales	221		221
Gross profit as a percent of sales	18.4%		18.4%
SG&A expenses (includes research and development)	48		48
Equity and other income	6		6
Operating income	8		8
Operating income as a percent of sales	3.0%		3.0%
Depreciation and amortization	13		13
Earnings before interest, taxes, depreciation and amortization	\$ 21	\$ -	\$ 21
EBITDA as a percent of sales	7.7%		7.7%
<b>RECONCILIATION OF 2010 FISCAL FIRST QUARTER ADJUSTED PRO FORMA RESULTS</b>			
(\$ millions, except percentages)			
Preliminary <b>ASHLAND CONSUMER MARKETS</b> Three Months Ended December 31, 2009	<b>Ashland GAAP Results</b>	<b>Eliminate Key Items (Table 5)</b>	<b>Adjusted Pro Forma Results</b>
Sales	\$ 400		\$ 400
Cost of sales	264		264
Gross profit as a percent of sales	33.9%		33.9%
SG&A expenses (includes research and development)	76		76
Equity and other income	7		7
Operating income	67		67
Operating income as a percent of sales	16.8%		16.8%
Depreciation and amortization	9		9
Earnings before interest, taxes, depreciation and amortization	\$ 76	\$ -	\$ 76
EBITDA as a percent of sales	19.0%		19.0%

Ashland Inc. and Consolidated Subsidiaries  
**RECONCILIATION OF NON-GAAP DATA - EBITDA**  
(In millions - preliminary and unaudited)

Table 6

<b>RECONCILIATION OF 2010 FISCAL FIRST QUARTER ADJUSTED PRO FORMA RESULTS</b>			
(\$ millions, except percentages)			
Preliminary ASHLAND DISTRIBUTION Three Months Ended December 31, 2009	Ashland GAAP Results	Eliminate Key Items (Table 5)	Adjusted Pro Forma Results
Sales	\$ 729		\$ 729
Cost of sales	662		662
Gross profit as a percent of sales	9.2%		9.2%
SG&A expenses (includes research and development)	62		62
Equity and other income	1		1
Operating income	6		6
Operating income as a percent of sales	0.8%		0.8%
Depreciation and amortization	7		7
Earnings before interest, taxes, depreciation and amortization	\$ 13	\$ -	\$ 13
EBITDA as a percent of sales	1.8%		1.8%
<b>RECONCILIATION OF 2010 FISCAL FIRST QUARTER ADJUSTED PRO FORMA RESULTS</b>			
(\$ millions, except percentages)			
Preliminary INTERSEGMENT SALES/ UNALLOCATED AND OTHER Three Months Ended December 31, 2009	Ashland GAAP Results	Eliminate Key Items (Table 5)	Adjusted Pro Forma Results
Sales	\$ (33)		\$ (33)
Cost of sales	(33)		(33)
SG&A expenses (includes research and development)	1		1
Equity and other income	-		-
Operating income	(1)		(1)
Depreciation and amortization	-		-
Earnings before interest, taxes, depreciation and amortization	\$ (1)	\$ -	\$ (1)



Ashland Inc. and Consolidated Subsidiaries  
**RECONCILIATION OF NON-GAAP DATA - EBITDA**  
(In millions - preliminary and unaudited)

Table 6

<b>RECONCILIATION OF 2010 FISCAL FIRST QUARTER ADJUSTED PRO FORMA RESULTS</b>			
(\$ millions, except percentages)			
Preliminary ASHLAND INC. Three Months Ended December 31, 2009	Ashland GAAP Results	Eliminate Key Items (Table 5)	Adjusted Pro Forma Results
Sales	\$ 2,020		\$ 2,020
Cost of sales	1,534		1,534
Gross profit as a percent of sales	24.1%		24.1%
SG&A expenses (includes research and development)	354		354
Equity and other income	14		14
Operating income	146		146
Operating income as a percent of sales	7.2%		7.2%
Depreciation and amortization	80		80
Earnings before interest, taxes, depreciation and amortization	\$ 226	\$ -	\$ 226
EBITDA as a percent of sales	11.2%		11.2%

<b>RECONCILIATION OF 2009 FISCAL FIRST QUARTER ADJUSTED PRO FORMA RESULTS</b>					
(\$ millions, except percentages)					
Preliminary ASHLAND AQUALON FUNCTIONAL INGREDIENTS Three Months Ended December 31, 2008	Ashland GAAP Results	Pro Forma Adjustments			Adjusted Pro Forma Results
		Hercules Ongoing Results (a)	Nonrecurring Purchase Accounting Adjustments	Eliminate Key Items (Table 5)	
Sales	\$ 119	\$ 112			\$ 231
Cost of sales	101	77	\$ (14)		164
Gross profit as a percent of sales	15.7%	31.3%			29.0%
SG&A expenses (includes research and development)	27	20	(5)		42
Equity and other income	2	-			2
Operating income	(7)	15	19		27
Operating income as a percent of sales	-5.9%	13.4%			11.7%
Depreciation and amortization	21	6	(5)		22
Earnings before interest, taxes, depreciation and amortization	\$ 14	\$ 21	\$ 14		\$ 49
EBITDA as a percent of sales	11.8%	18.8%			21.2%

(a) Certain nonrecurring, noncash or key items have been removed.

Ashland Inc. and Consolidated Subsidiaries  
**RECONCILIATION OF NON-GAAP DATA - EBITDA**  
(In millions - preliminary and unaudited)

Table 6

<b>RECONCILIATION OF 2009 FISCAL FIRST QUARTER ADJUSTED PRO FORMA RESULTS</b>					
(\$ millions, except percentages)	Pro Forma Adjustments				
	Ashland GAAP Results	Hercules Ongoing Results (a)	Nonrecurring Purchase Accounting Adjustments	Eliminate Key Items (Table 5)	Adjusted Pro Forma Results
<b>Preliminary ASHLAND HERCULES WATER TECHNOLOGIES</b>					
Three Months Ended December 31, 2008					
Sales	\$ 318	\$ 155			\$ 473
Cost of sales	222	116	\$ (7)		331
Gross profit as a percent of sales	30.3%	25.2%			30.0%
SG&A expenses (includes research and development)	102	34	(5)	\$ (2)	129
Equity and other income	-	-			-
Operating income	(6)	5	12	2	13
Operating income as a percent of sales	-1.9%	3.2%			2.7%
Depreciation and amortization	21	5	(5)	-	21
Earnings before interest, taxes, depreciation and amortization	\$ 15	\$ 10	\$ 7	\$ 2	\$ 34
<b>EBITDA as a percent of sales</b>	<b>4.7%</b>	<b>6.5%</b>			<b>7.2%</b>
<b>RECONCILIATION OF 2009 FISCAL FIRST QUARTER ADJUSTED PRO FORMA RESULTS</b>					
(\$ millions, except percentages)	Pro Forma Adjustments				
	Ashland GAAP Results	Hercules Ongoing Results (a)	Nonrecurring Purchase Accounting Adjustments	Eliminate Key Items (Table 5)	Adjusted Pro Forma Results
<b>Preliminary ASHLAND PERFORMANCE MATERIALS</b>					
Three Months Ended December 31, 2008					
Sales	\$ 324				\$ 324
Cost of sales	272				272
Gross profit as a percent of sales	15.9%				15.9%
SG&A expenses (includes research and development)	53				53
Equity and other income	6				6
Operating income	5				5
Operating income as a percent of sales	1.5%				1.5%
Depreciation and amortization	13				13
Earnings before interest, taxes, depreciation and amortization	\$ 18				\$ 18
<b>EBITDA as a percent of sales</b>	<b>5.6%</b>				<b>5.6%</b>

(a) Certain nonrecurring, noncash or key items have been removed.

Ashland Inc. and Consolidated Subsidiaries  
**RECONCILIATION OF NON-GAAP DATA - EBITDA**  
(In millions - preliminary and unaudited)

Table 6

<b>RECONCILIATION OF 2009 FISCAL FIRST QUARTER ADJUSTED PRO FORMA RESULTS</b>					
Preliminary ASHLAND CONSUMER MARKETS Three Months Ended December 31, 2008	Ashland GAAP Results	Pro Forma Adjustments			Adjusted Pro Forma Results
		Hercules Ongoing Results (a)	Nonrecurring Purchase Accounting Adjustments	Eliminate Key Items (Table 5)	
Sales	\$ 388				\$ 388
Cost of sales	303				303
Gross profit as a percent of sales	21.8%				21.8%
SG&A expenses (includes research and development)	69				69
Equity and other income	3				3
Operating income	19				19
Operating income as a percent of sales	4.9%				4.9%
Depreciation and amortization	9				9
Earnings before interest, taxes, depreciation and amortization	\$ 28				\$ 28
EBITDA as a percent of sales	7.2%				7.2%
<b>RECONCILIATION OF 2009 FISCAL FIRST QUARTER ADJUSTED PRO FORMA RESULTS</b>					
Preliminary ASHLAND DISTRIBUTION Three Months Ended December 31, 2008	Ashland GAAP Results	Pro Forma Adjustments			Adjusted Pro Forma Results
		Hercules Ongoing Results (a)	Nonrecurring Purchase Accounting Adjustments	Eliminate Key Items (Table 5)	
Sales	\$ 853				\$ 853
Cost of sales	779				779
Gross profit as a percent of sales	8.6%				8.6%
SG&A expenses (includes research and development)	65				65
Equity and other income	1				1
Operating income	10				10
Operating income as a percent of sales	1.2%				1.2%
Depreciation and amortization	8				8
Earnings before interest, taxes, depreciation and amortization	\$ 18				\$ 18
EBITDA as a percent of sales	2.1%				2.1%

(a) Certain nonrecurring, noncash or key items have been removed.

Ashland Inc. and Consolidated Subsidiaries  
**RECONCILIATION OF NON-GAAP DATA - EBITDA**  
(In millions - preliminary and unaudited)

Table 6

<b>RECONCILIATION OF 2009 FISCAL FIRST QUARTER ADJUSTED PRO FORMA RESULTS</b>					
(\$ millions, except percentages) Preliminary	Pro Forma Adjustments				
	Ashland GAAP Results	Hercules Ongoing Results (a)	Nonrecurring Purchase Accounting Adjustments	Eliminate Key Items (Table 5)	Adjusted Pro Forma Results
<b>INTERSEGMENT SALES/ UNALLOCATED AND OTHER</b>					
Three Months Ended December 31, 2008					
Sales	\$ (36)				\$ (36)
Cost of sales	(36)				(36)
SG&A expenses (includes research and development)	28			\$ (24)	4
Equity and other income	-	\$ 4			4
Operating income	(28)	4		24	-
Depreciation and amortization	-				-
Earnings before interest, taxes, depreciation and amortization	\$ (28)	\$ 4		\$ 24	\$ -
<b>RECONCILIATION OF 2009 FISCAL FIRST QUARTER ADJUSTED PRO FORMA RESULTS</b>					
(\$ millions, except percentages) Preliminary	Pro Forma Adjustments				
	Ashland GAAP Results	Hercules Ongoing Results (a)	Nonrecurring Purchase Accounting Adjustments	Eliminate Key Items (Table 5)	Adjusted Pro Forma Results
<b>ASHLAND INC.</b>					
Three Months Ended December 31, 2008					
Sales	\$ 1,966	\$ 267			\$ 2,233
Cost of sales	1,641	193	\$ (21)	\$ -	1,813
Gross profit as a percent of sales	16.5%	27.7%			18.8%
SG&A expenses (includes research and development)	344	54	(10)	(26)	362
Equity and other income	12	4			16
Operating income	(7)	24	31	26	74
Operating income as a percent of sales	-0.4%	9.0%			3.3%
Depreciation and amortization	72	11	(10)	-	73
Earnings before interest, taxes, depreciation and amortization	\$ 65	\$ 35	\$ 21	\$ 26	\$ 147
EBITDA as a percent of sales	3.3%	13.1%			6.6%

(a) Certain nonrecurring, noncash or key items have been removed.

**RECONCILIATION OF NON-GAAP DATA - FREE CASH FLOW**

(In millions - preliminary and unaudited)

	Three months ended December 31	
	<u>2009</u>	<u>2008</u>
Total cash flows provided by operating activities from continuing operations	\$ 35	\$ 74
Less:		
Additions to property, plant and equipment	(21)	(38)
Cash dividends paid	(6)	(6)
Free cash flows	<u>\$ 8</u>	<u>\$ 30</u>