



First-Quarter Fiscal 2016 Earnings Conference Call

January 26, 2016


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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, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Ashland has identified some of these forward-looking statements with words such as “anticipates,” “believes,” “expects,” “estimates,” “is likely,” “predicts,” “projects,” “forecasts,” “may,” “will,” “should” and “intends” and the negative of these words or other comparable terminology. In addition, Ashland may from time to time make forward-looking statements in its annual report, quarterly reports and 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, including the proposed separation of its specialty chemicals and Valvoline businesses, the expected timetable for completing the separation, the future financial and operating performance of each company, strategic and competitive advantages of each company, the leadership of each company, and future opportunities for each company, as well as 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 proposed separation will not be consummated within the anticipated time period or at all, including as the result of regulatory market or other factors; the potential for disruption to Ashland’s business in connection with the proposed separation; the potential that the new Ashland and Valvoline do not realize all of the expected benefits of the separation, 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); the impact of acquisitions and/or divestitures Ashland has made or may make (including the possibility that Ashland may not realize the anticipated benefits from such transactions); the global restructuring program (including the possibility that Ashland may not realize the anticipated revenue and earnings growth, cost reductions and other expected benefits from the program); Ashland’s ability to generate sufficient cash to finance its stock repurchase plans; 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 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. Unless legally required, Ashland undertakes no obligation to update any forward-looking statements made in this presentation whether as result of new information, future event or otherwise.

Regulation G: Adjusted Results

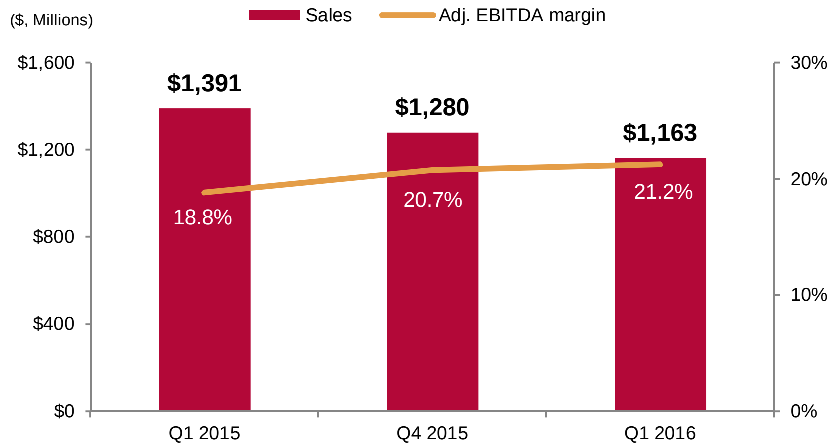
The information presented herein regarding certain unaudited adjusted results does not conform to generally accepted accounting principles in the United States (U.S. GAAP) and should not be construed as an alternative to the reported results determined in accordance with U.S. GAAP. Ashland has included this non-GAAP information to assist in understanding the operating performance of the company and its reportable segments. The non-GAAP 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.

Opening Remarks

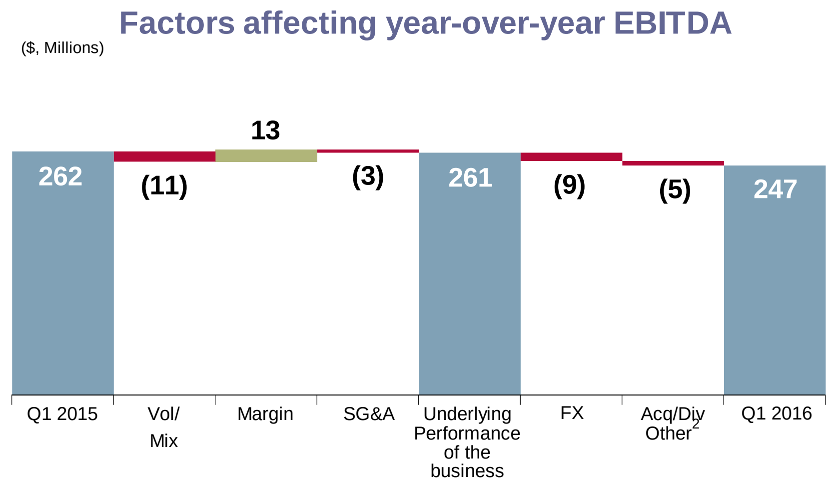
Four Core Priorities in FY 2016

1. Drive operational and strategic gains
2. Improve cash conversion
3. Maintain disciplined capital allocation strategy
4. Create Two Great Companies

Fiscal First Quarter 2016
Highlights[1]



Adj. EPS	**$1.46**	**$1.62**	**$1.41**



- Reported earnings from continuing operations of $1.38 per share
- Adjusted earnings declined 3% to $1.41 vs. $1.46 per share in prior year
- Adjusted EBITDA of $247 million vs. $262 million in prior year
  - Currency, energy end market and divestitures – including exited product lines – represented approximately $20 million headwind
- In November, Ashland announced a $500 million accelerated share repurchase (ASR) agreement
  - Initial delivery of approximately 3.9 million shares
  - Scheduled to terminate no later than May 2016

[1] Ashland's earnings releases dated January 25, 2016, and November 3, 2015, available on Ashland's website at http://investor.ashland.com, reconcile adjusted amounts to amounts reported under GAAP.
[2] Divestitures includes elastomers, biocides, redispersible powders (RDP) and Valvoline car care product lines exited during prior four quarters.

Ashland Specialty Ingredients

$, Millions

Sales

PY	Vol/ Mix	Price	FX	Acq/ Div[2]	CY
561	-7%	-2%	-3%	-3%	476

EBITDA[1]

PY	Vol/ Mix	Margin	SG&A	FX	Acq/Div /Other[2]	CY
119	-12%	-4%	1%	-4%	-2%	94

Quarter Summary

- Growth in higher margin, core growth end markets and products
  - Pharmaceutical sales up 3%, FX-adjusted
  - HEC coatings volumes up 3%
  - Solid quarter for hair-care
- Currency, energy, and exited product lines resulted in ~$63 million headwind to sales
- Weaker than expected demand and customer destocking in some end markets – particularly industrial – and especially in China and Brazil

Q2 Outlook

Revenues $515 - $535 million

- FX sensitivity: ~$4.5mm per € cent

EBITDA margin 23.5 – 24.5%

- FX sensitivity: ~$1.2mm per € cent

Near-term Outlook

- Headwinds begin to moderate in Q2
- Weaker demand and customer destocking in some end markets, primarily industrial
- Margins expected to remain strong driven by good mix, margin, and cost execution

Longer-term Outlook

- Underlying growth in most core growth end markets to remain healthy
- Innovation pipeline strengthening leading to new products for Pharmaceutical, Personal Care and Coatings markets
- Making targeted capital investments focused on high-growth end markets and regions

[1] Ashland's earnings releases dated January 25, 2016, and November 3, 2015, available on Ashland's website at http://investor.ashland.com, reconcile adjusted amounts to amounts reported under GAAP.

[2] Acq/Div/Other includes biocides and redispersable powders (RDP) product lines.

Ashland Performance Materials

$, Millions

Sales

PY	Vol/ Mix	Price	FX	Acq/ Div[2]	CY
338	-5%	-10%	-5%	-12%	231

EBITDA[1]

PY	Vol/ Mix	Margin	SG&A	FX	Acq/Div /Other[2]	CY
42	-14%	9%	2%	-2%	-7%	37

Quarter Summary

- Composites margins remain healthy
  - Good pricing discipline
  - Continued volume strength in Europe
- Raw-materials remained favorable versus prior year
- BDO volume and price pressure, as expected
- Final quarter of elastomers impact to YOY comparison
- Softness in industrial markets – notably China and Brazil

Q2 Outlook

Revenues $235 - $255 million

- Roughly in line with normal seasonality

EBITDA margin 10.0 – 11.0%

Near-term Outlook

- Composites volume growth to moderate somewhat; margins remain healthy
- Continued pressure on I&S BDO volumes and pricing

Longer-term Outlook

- Composites growth driven by:
  - Macro trends & regional economic expansion
  - New product and application development
- Strong margin management in volatile raw-material environment
- I&S to remain challenged by Asian capacity

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[2] Acq/Div/Other includes elastomers divestiture.

Valvoline

$, Millions

			Sales		
PY	Vol/ Mix	Price	FX	Acq/ Div[2]	CY
492	5%	-5%	-4%	-3%	456

			EBITDA[1]			
PY	Vol/ Mix	Margin	SG&A	FX	Acq/Div /Other[2]	CY
92	10%	9%	-6%	-3%	0%	101

Quarter Summary

- Record first quarter overall
- Industry leading service model led to another solid quarter for VIOC
  - Oil changes per day increased 5%
  - Average ticket increased 1%
  - Same-store sales growth of 6%
- 956 total stores at the end of December
- DIY volumes flat with favorable mix from well-executed customer promotions
- 8% international channel volume growth
- US premium branded lubricant sales volume increased to 43%

Q2 Outlook

Revenues $480 - $490 million

- Roughly in line with normal seasonality

EBITDA margin ~23%

Near-term Outlook

- Solid performance across all channels
- Margins expected to remain strong driven by good mix and margin

Longer-term Outlook

- Int'l, VIOC, and Installer volume growth
- Base oil market expected to remain favorable
- Margin structure to remain strong driven by:
  - Market segmentation strategies
  - New product development
  - Enhanced marketing capabilities

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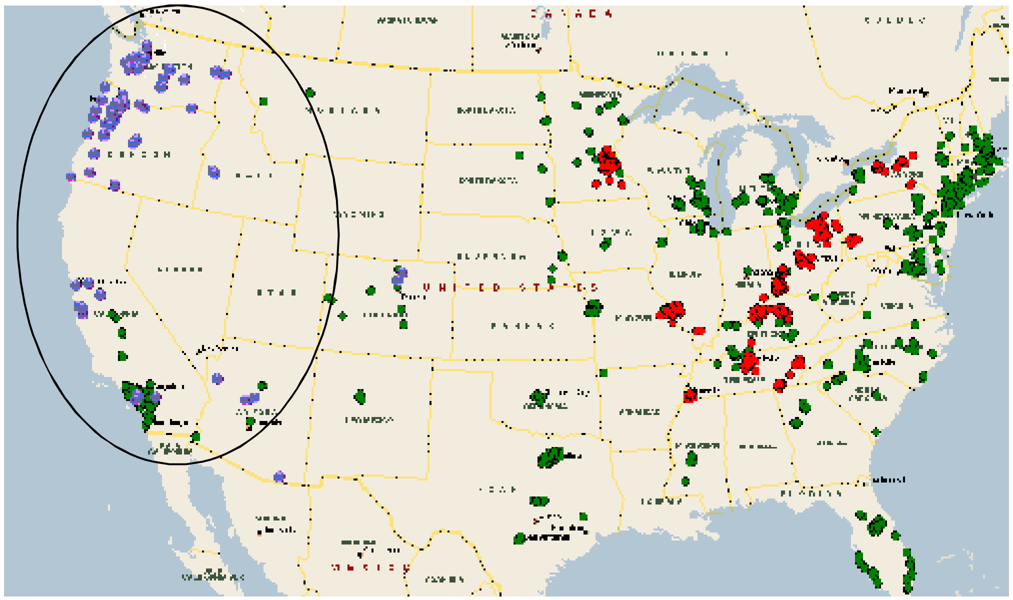
2 Acq/Div/Other includes car care product line divestiture.

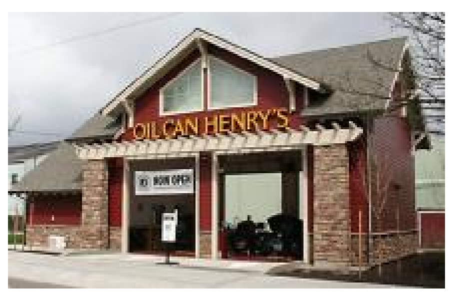
Valvoline

Announced Definitive Agreement to Acquire Oil Can Henry's

Accelerating quick-lube store growth and geographic footprint



- Corporate
- Franchised
- Oil Can Henry's



Announced agreement:

- 14th largest US quick-lube network
- 89 quick-lube centers
  - 47 company-owned
  - 42 franchised-owned
- Attractive growth market for Valvoline
- Oregon, Washington, California, Arizona, Idaho and Colorado
- Acquisition expected to close in second fiscal quarter
- Financial terms not disclosed

Impact to Valvoline:

- Accelerating store growth and US geographic reach
- Expands footprint into highly attractive market
- ~10% increase in total store count
- Opportunity to sell Valvoline-branded premium lubricants

[1] Footnote needed?

Key Observations

1. Remain focused on core priorities in 2016
2. Taking actions to deliver results
3. Remain on track to create two great companies; additional announcements in the coming months

Great team with a clear strategy and a proven track record of execution

Appendix: Non-GAAP Reconciliations

Ashland Inc. and Consolidated Subsidiaries

Reconciliation of Non-GAAP Data

for 12 Months Ended December 31, 2015

($ millions, except percentages)

Sales[1]	Q1 16	Q4 15	Q3 15	Q2 15	Total
Specialty Ingredients	476	540	579	583	2,178
Performance Materials	231	256	278	286	1,051
Valvoline	456	484	510	481	1,931
Total	1,163	1,280	1,367	1,350	5,160

Adjusted EBITDA[1]	Q1 16	Q4 15	Q3 15	Q2 15	Total	Adjusted EBITDA Margin
Specialty Ingredients	94	129	137	142	502	23.0%
Performance Materials	37	33	27	44	141	13.4%
Valvoline	101	97	116	106	420	21.8%
Unallocated	15	6	10	9	40	
Total	247	265	290	301	1,103	

[1] Quarterly totals may not sum to actual results due to quarterly rounding conventions. Calculation of adjusted EBITDA for each quarter has been reconciled within certain financial filings with the SEC and posted on Ashland's website for each reportable segment.

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