

**ASHLAND INC.**  
**CHARTER OF THE**  
**PERSONNEL AND COMPENSATION COMMITTEE**

As amended effective September 16, 2009

**I. Purpose**

The Personnel and Compensation Committee (“Committee”) of the Board of Directors (“Board”) of Ashland Inc. will assist the Board in discharging its duties related to executive compensation and succession and the adoption, amendment and termination of employee benefit plans sponsored, maintained, or contributed to by Ashland Inc., its subsidiaries and affiliates that are more than 50% owned by the Company (hereinafter singly or collectively referred to as the “Company”).

The purpose of the Committee is to (i) oversee the adoption and administration of the Company’s compensation plans, in particular the incentive and equity-based plans; (ii) discharge the Board’s responsibilities relating to compensation of the Company’s executives; (iii) oversee the preparation of the annual report on executive compensation required by the rules and regulations of the Securities and Exchange Commission to be included in the Company’s proxy statement; (iv) oversee plans for executive development and succession; and (v) adopt, amend, terminate, merge, spin off and transfer the employee benefit plans of the Company, including those that are and are not subject to the Employee Retirement Income Security Act of 1974, as amended (“ERISA”).

**II. Principles of Compensation**

In discharging its duties relating to compensation of Company executives, the Committee shall adhere to the following principles:

1. Compensation arrangements shall emphasize pay for performance and encourage retention of those employees who enhance the Company’s performance;
2. Compensation arrangements shall promote ownership of Company stock to align the interests of management and stockholders;
3. Compensation arrangements shall maintain an appropriate balance between base salary and long-term and annual incentive compensation;
4. In approving compensation, the recent compensation history of the executive, including special or unusual compensation payments, shall be taken into consideration;
5. Cash incentive compensation plans for senior executives shall link pay to achievement of financial goals set in advance by the Committee.

### **III. Organization**

#### **A. Membership**

The Committee is composed of three or more directors, as determined by the Board. All members of the Committee shall be independent directors and shall satisfy the New York Stock Exchange standard for independence for members of the Committee. The Board elects the members of the Committee upon the recommendation of the Governance and Nominating Committee at the annual organization meeting of the Board for terms of one year, or until their successors are duly elected and qualified. Members shall serve at the pleasure of the Board. Unless a Chairman is elected by the full Board, the members may designate a Chairman by majority vote of the full membership of the Committee.

#### **B. Meetings**

The Committee shall meet at least four times each calendar year and at such other times as required, upon the call of the Chairman of the Committee or the Chairman of the Board. Committee meetings may be in part or in whole with members attending in person and/or via electronic means. A majority of the members of the Committee attending shall constitute a quorum. Committee actions and decisions shall be decided based upon a simple majority and may be taken at meetings, via electronic media, or a combination thereof. If so agreed, actions may be taken in writing without a meeting.

### **IV. Responsibilities and Authorities**

1. Ensure that the Company's executive compensation programs are appropriately competitive, support organizational objectives and shareholder interests, and emphasize pay for performance linkage.

2. Review, evaluate and approve on an annual basis the corporate goals and objectives with respect to compensation for the Chief Executive Officer. The Committee shall annually evaluate the Chief Executive Officer's performance in light of these established goals and objectives and, based upon these evaluations, shall, after an executive session of the Committee, set the Chief Executive Officer's annual compensation, including salary, bonus, incentive and equity compensation. In setting compensation, all relevant factors shall be considered, including the Company's performance and relative shareholder return, the value of similar incentive awards to those with similar responsibilities at comparable companies and the awards given by the Company in prior years.

3. Review, evaluate and approve compensation of all key senior executives and elected corporate officers from time to time, taking into account individual performance, Company performance, and comparable compensation paid to similarly situated officers in comparable companies. The Committee shall approve the Company's policies and procedures governing key officers' perquisites and other Company benefits.

4. Approve any employment agreements, consulting arrangements, severance or retirement arrangements, change-in-control agreements, and/or any special or supplemental benefits or provisions covering any current or former executive officer of the Company.

5. Adopt, amend, terminate, merge, spin off or transfer the benefit plans of the Company, and perform any other settlor functions in connection with the Company's employee benefits plans.

6. Oversee the implementation and administration of the compensation plans of the Company, including incentive and equity-based plans, to ensure that these plans are consistent with the Company's general compensation policy. The Committee shall make recommendations to the Board with respect to incentive-compensation and equity-based plans that are subject to Board approval. The Finance Committee shall retain responsibility for oversight of the Company's funding of its benefit plans.

7. Monitor and evaluate the compensation and benefits structure of the Company, including providing guidance on philosophy and policy matters and excessive risk-taking.

8. Oversee regulatory compliance with respect to compensation matters, including overseeing the Company's policies on structuring compensation programs to preserve tax deductibility.

9. Oversee the execution of any Chief Executive Officer and senior management development and succession plan and report to the Board periodically on such plan.

10. Oversee the preparation of the annual report on executive compensation required by the rules and regulations of the Securities and Exchange Commission to be included in the Company's proxy statement and review and discuss the report as required in order to recommend its publication to the Board.

11. Form and delegate authority to subcommittees, whether or not such delegation is specifically contemplated under any compensation or employee benefit plan or policy. In addition, in connection with compensation plans, the Committee may delegate approval of certain transactions to a subcommittee consisting solely of members of the Committee who are (i) "Non-Employee Directors" for purposes of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended, or (ii) "outside directors" for purposes of 162(m) of the Internal Revenue Code of 1986, as amended.

12. Perform such other functions and duties as the Board may assign to the Committee from time to time.

13. The Committee shall have the sole authority to retain and terminate a compensation consultant to assist in the evaluation of Chief Executive Officer or senior executive compensation, including the sole authority to approve the consultant's fees and other retention terms. The Committee shall have authority to obtain advice and assistance from legal, accounting or other advisors, including the sole authority to approve the fees and other retention terms for such persons.

14. The Committee shall report its actions and recommendations to the Board after each Committee meeting and shall conduct and present to the Board an annual performance evaluation of the Committee. The Committee shall review at least annually the adequacy of this

Charter with the Governance and Nominating Committee and recommend any proposed changes to the Board for approval.