

**— MANAGEMENT DISCUSSION SECTION**

Operator: Good day, everyone, and welcome to today's Ashland Incorporated Third Quarter Earnings Call. Today's conference is being recorded. Now for opening remarks and introduction, I'd like to just turn the conference over to Mr. Eric Boni. Please go ahead.

**Eric N. Boni, Director, Investor Relations**

Thank you, good morning, and welcome to Ashland's third quarter fiscal 2009 conference call and webcast. We released our fiscal third quarter results for the period ended June 30, 2009 at 6 O'clock Eastern Time today. These results are preliminary until we file our 10Q in August.

With me here today are Jim O'Brien, Ashland's Chairman and Chief Executive Officer; and Lamar Chambers, Senior Vice President and Chief Financial Officer; and John Panichella, President of Ashland Aqualon Functional Ingredients.

Before we get started, let me review our cautionary language regarding forward-looking statements on slide two. Statements maybe made during this presentation that constitute forward-looking statements as the term is defined in relevant securities laws.

We believe our expectations are based on reasonable assumptions, but we cannot assure that those expectations will be achieved. Therefore, any forward-looking statements may prove to be inaccurate.

Please turn to the agenda on slide three. Now, I will give you an outline for the call. First, I'll review the quarter's highlights followed by our adjusted pro forma results. We believe these adjusted pro forma results enhance understanding of our current and future performance by reflecting the impact of the Hercules acquisition completed last November and the related accounting affects.

I'll also update you on our cost reduction program and discuss our debt status before turning the presentation over to John Panichella. John will review Functional Ingredients results and our actions to improve performance and provide you with some insight into Functional Ingredient strategy. Lamar will discuss our other commercial unit performance, and Jim will conclude. After that we will take your questions.

Please turn to slide four. We generated substantial cash flows from operating actives in the June quarter totaling \$355 million. We used our cash to reduce gross debt by \$269 million, or 12% of outstanding debt bringing total debt to less than \$2 billion.

During the quarter, we issued \$650 million of 9 1/8 notes, which along with available liquidity enabled us to retire our \$750 million bridge loan. This issuance reduced the uncertainty surrounding the interest rates for this portion of our financing in a relatively favorable interest rate environment, one that was below historical averages.

For the third quarter, our adjusted pro forma EBITDA increased 9% to \$248 million, benefiting from all-time-record quarterly EBITDA of \$103 million at Ashland Consumer Markets, which is our Valvoline business. Ashland Hercules Water Technologies also significantly improved results sequentially. We achieved an overall EBITDA increase despite volume decreases in four of our five segments, the exception being Ashland Consumer Markets.

Volumes decreased anywhere from 15% in some of our less cyclical business, to nearly 40% in Ashland Performance Materials. This has been a very consistent trend beginning around February with our businesses experiencing seasonal upticks, nothing to suggest either a recovery or worsening of underlying economic activity.

Strong gross profit performance significantly offset these volume declines and our income from continuing operations as reported on a GAAP basis was \$0.68 per share for the third quarter of fiscal 2009. Earnings in the June quarter reflect a 44% effective tax rate due to an unfavorable adjustment to income tax expense and an unfavorable foreign tax judgment. We have now exceeded our \$265 million cost reduction target for 2009 by \$22 million, and are currently at an annualized run rate of \$287 million of savings.

During the third quarter, \$87 million of savings were realized in the income statement. We also announced during the quarter the signing of a definitive agreement with J.F. Lehman & Co. to sell our Drew Marine business for \$120 million with expected net after tax proceeds of approximately \$105 million.

We expect the transaction to close during the September quarter, and expect to use proceeds to pay down term loans A and B. We continue to pursue several other small to medium-sized divestiture opportunities.

Let's continue with our key items for the third quarter on slide five. The key item impacting operating income in the third quarter was severance and accelerated depreciation charges primarily related to our cost reduction programs.

These charges reduced operating income by \$16 million, or \$0.14 per share during the quarter, and included \$8 million of non-cash accelerated depreciation. The second item affecting results for the quarter was the acceleration of debt amortization, which resulted from the retirement of our previously outstanding \$750 million bridge loan that was part of the financing package for the Hercules acquisition.

This item increased both interest expense and debt issuance cost amortization by \$10 million pre-tax, and reduced earnings per share by \$0.09. Last, the unfavorable foreign tax judgment reduced earnings by \$8 million, or \$0.10 per share. There were no key items in the year ago quarter.

Please turn to slide six for our reported earnings per share chart. On an as reported basis, Ashland generated \$240 million of EBITDA and \$152 million of operating income, while incurring \$62 million of net interest expense.

The 44% effective tax rate for the June quarter was much higher than our prior guidance, reflecting a significant adjustment to the estimated distribution of income between foreign and domestic earnings for the year, as well as the aforementioned unfavorable foreign tax judgment in order to achieve an annualized effective tax rate of 27% excluding discreet items. Earnings from continuing operations were \$0.68 per share, while diluted EPS before adjusting for any key items was \$0.66.

Please turn to slide seven to review our adjusted pro forma EBITDA. For the June quarter, our adjusted pro forma sales and operating revenue declined 28% versus the year ago quarter to \$2 billion. Gross profit as a percent of sales continued to expand increasing 550 basis points to 24.6%, while SG&A expenses decreased by 12%.

Operating income and EBITDA increased by 11% and 9%, respectively, due to price management and raw material cost declines. Our EBITDA margin increased by 410 basis points to 12.2%.

Please turn to slide eight for more detail on the factors contributing to our EBITDA increase. Our EBITDA bridge shows the factors affecting our comparisons for the third quarter of fiscal 2008 and 2009. You will note a lot of similarities between this chart and the bridge we showed you last quarter. The impacts of margin improvements were equal to the negative affects of volume reductions.

While Consumer Markets represented 60% of the margin improvement, our other businesses were also important contributors. SG&A expenses, excluding the affective currency translation, declined by \$40 million versus the prior year due to our cost reduction initiatives.

Please turn to slide nine. We achieved our \$265 million cost reduction goal ahead of schedule. Our run rate savings are now at \$287 million with a vast majority of this phase complete. During the quarter, we realized \$87 million of cost savings, including one-time reductions of \$18 million, from our furlough program.

Of the \$87 million of cost savings during the quarter, roughly two-thirds was attributable to reductions and selling, general and administrative expenses while the remainder was realized from cost of goods sold.

As the bar chart on the left shows, we reduced staffing by more than 1,300 since April 2008. The chart on the right shows a run rate savings through the June quarter of \$287 million, which includes more than \$100 million of savings related to the integration of Ashland and Hercules.

In total, we expect to achieve \$130 million of synergies from the Hercules integration when it complete in 2010. As we have stated previously, we believe it's important to match our cost structure with our expectations for the underlying economic environment.

We do not see anything that suggests that volumes will return in the foreseeable future. Thus, we are announcing an additional \$100 million of cost reductions to be achieved on a run rate basis by the end of the September quarter.

The savings will come primarily as a result of head count reductions and other cost cutting measures within Ashland, including \$27 million already identified from Ashland distribution.

Please turn to our cash flow statement on slide 10. Through the first nine months of the fiscal year, Ashland generated \$649 million in cash flows from operating actives, \$355 million of which was generated during the third quarter.

During the June quarter, we generated \$150 million of cash from changes in operating assets and liability, which includes working capital. We continue to manage capital expenditures tightly investing \$27 million during the quarter, and although not shown on this chart, \$126 million pro forma during the first nine months. This is tracking positively versus our \$200 million full year target.

Sale of non-strategic assets continues to be a source of cash. We sold an additional \$26 million of auction rate securities during the quarter, bringing our total to \$55 million fiscal year-to-date. We anticipate receiving roughly 130 to \$140 million in the September quarter, from the sales of our Drew Marine business, our redundant Shanghai headquarters facility.

During the quarter, we also had significant activity affecting cash flows from financing activities, resulting in a \$297 million use of cash, primarily for the repayment of debt.

Slide 11 provides further detail on our debt. During the quarter, we had a successful oversubscribed issuance of \$650 million of 9-1/8 high-yield notes due to 2017 with the yield of 9.75%. We use this financing along with available liquidity to replace our \$750 million bridge loan.

In total, we reduced debt by \$269 million during the quarter, bringing our total gross debt below \$2 billion and net debt was \$1.7 billion. Now, the 1.7 billion does not include our student loan auction rate securities with a book value of \$188 million, which may provide an additional source of cash.

As the bar chart shows we had no significant maturities until fiscal year 2014. Our liquidity includes \$256 million in cash, \$261 million of availability on our revolver, and \$184 million on our accounts receivable securitization or \$701 million in total, excluding the auction rate securities at June 30th.

Ashland's interest expense continues to improve both because of the reduced outstanding debt balance as well as a 25 basis point interest rate reduction to a spread of 325 basis points over LIBOR on the term loan A facility. This interest rate decrease results from the reduction in Ashland's debt-to-EBITDA ratio to below 2.75 times, and became affective in the September quarter.

Our current run rate for net interest and other financing expense is about \$50 million per quarter including \$6 million of non-cash debt amortization. Slide 12, graphically depicts the favorable trends in our debt status. At 2.4 times, our debt-to-EBITDA ratio has again moved favorably versus the required covenant ratio of 3.75 times.

Our fixed charge coverage also improved during the quarter and is now 2.5 times. And at the end of the June quarter, our net worth was in excess of \$600 million greater than our requirement of \$3.1 billion. Eight months since closing the Hercules transaction we have reduced our debt by \$616 million or nearly 25%.

Now I will turn the presentation over to John Panichella to discuss the functional ingredients business starting on slide 13. John?

---

**John E. Panichella Vice President, President, Ashland Aqualon Functional Ingredients**

---

Thank you, Eric, and good morning. Overall functional ingredients metric tons sold dropped by 27% versus the year ago quarter, sales declined by 23%. The Energy business declined greater than 40% versus the prior year quarter due to low levels of gas drilling activity. The construction business was better sequentially, down roughly 28% versus the 40% decline experienced in the March quarter and our coatings business was nearly flat with last year as our new product introductions continue to generate business.

Regulated markets experienced an 8% quarter-versus-quarter decline in volume, the same as the March quarter. Excluding the impacts from the stump wood [ph] derivatives and polyterpene business means regulated markets declined by only 4%.

Regionally, sales volumes were down approximately 11% in Asia Pacific, 24% in Europe, and 36% in North America. While the impact of these volume reductions was significant, we mitigated 44% of the impact on profitability by implementing various cost reduction initiatives during the quarter. Gross profit as a percent of sales dropped by 210 basis points versus the prior year quarter.

SG&A expenses were 17% below the year ago quarter. Overall EBITDA declined by 26% to \$50 million in the June quarter, and represented 21.5% of sales, 90 basis points below the prior year quarter. Both the EBITDA absolute dollars and percent of sales showed some improvement over the March quarter.

It is important to note that during the quarter we made the decision to dramatically reduce inventory levels. As a result, we were able to reduce investment and inventory by \$23 million. However, the decision to manufacture at below replacement levels negatively impacted gross profit in earnings by approximately \$7 million or 3% of sales.

Let's look at our EBITDA bridge on slide 14. As you can see on this chart, reductions in volume were the primary reason for the lower EBITDA versus the prior year. A significant portion of the volume impact was associated with the idling of our production plants to reduce inventory.

SG&A savings for the quarter offset margin declines. Our pricings continue to hold up relatively well in spite of variable cost of sales reductions. Pricing was positive by 3 million in the quarter, while raw material energy and freight were favorable by \$8 million. Given this market environment, we have been focused on matching our investment in the business with the underlying demand.

Please turn to slide 15. We are addressing several key areas to match our cost structure with the roughly 25% decline in current market demand. Fixed cost reductions in our manufacturing environment have generated run rate savings of nearly \$2 million a month compared with the beginning of the fiscal year.

We plan to continue to mitigate these expenses through reduced costs, improved yields and energy conservation and recovery. A recent example is the announced temporary closure of our [indiscernible] facility.

We have also reduced inventory from a peak of nearly \$180 million to roughly \$140 million at the end of June. In addition, staffing has been reduced by approximately 200 roles since the beginning of the fiscal year.

Now let's turn to slide 16 to review our long-term strategies. While we are clearly focused in the short-term on cost reductions, we are enthusiastic about the long-term prospects for this business. Opportunities exist through core organic growth, growth in adjacent markets and potentially small bolt on acquisitions.

Significant opportunities also exist geographically, primarily in Asia, Russia and South America in our core markets. Acceleration of new product introductions also remains a major priority to drive organic growth.

Commercialization of existing technologies and launching adjacent technologies complement functional ingredients core and enable us to further grow the business. There are a number of adjacent products that would supplement our existing portfolio, enable us to better serve our customer base.

Please turn to slide 17 for a more detailed view. Our growth strategy is built around market segmentation with focused resources in targeted segments offering significant opportunities in core, as well as adjacent product technologies. Our high priority segments for growth are the pharmaceutical, coatings and personal care markets.

To better understand this segmentation, let's examine personal care. This market is quite large and we have targeted a roughly \$1.4 billion segment rheology and conditioning polymers associated with hair care. We already have expertise in this segment and are building additional capabilities to serve these customers.

Another example of our growth strategies in the coatings market. We've defined the market as water-based architectural coatings with a market size of approximately \$1.7 billion. We have a moderate market share in this segment providing opportunity for growth.

We are choosing to focus on core areas, such as our hydroxyethylcellulose technologies by launching new products and capturing additional share in Asia. We are also having tremendous success with our core Synthetic, Aquaflow technology which aids flow and leveling characteristic for our customers. In addition to core products, we've launched several adjacent technologies into this segment.

Now let's examine the technologies that will drive this growth on slide 18. These technologies fall into two categories core and adjacent product technologies. Core technologies are associated with

our water soluble polymer. These polymers consist of cellulose derivatives, synthetic polymers and natural hydrocolloids.

Adjacent technologies are complementary to our core and provide additional functionality to customer's finished formulations. Let's explore an example of these adjacent technologies which we launched during 2008 as one of our growth platforms in the pharmaceutical market.

Functional ingredients currently provides core cellulose technologies to formulators and end customers who put together finished coating systems for pharmaceutical tablet applications. These formulators and end customers combined functional ingredients core polymers with functional and color coating ingredients from other manufacturers.

By developing these adjacencies and then coupling them with our core polymers, we are now able to execute a vertically integrated strategy for this segment. Both core and adjacent new product introductions are important components of functional ingredients long-term growth strategy.

Please turn to slide 19 to see some of our recent successes. New products are aligned to the end market and our segmentation strategy. We measure sales of new products, those left in five years old as one of our key benchmarks around growth.

Our current target is to achieve approximately 21% of total revenue from new products. We achieved 20% in the June quarter. We are encouraged by the number of new launches we have in the pipeline that should help us to reach our goal.

Now I'll turn the presentation over to Lamar Chambers to review our other commercial unit results. Lamar?

---

**Lamar M. Chambers, Senior Vice President and Chief Financial Officer**

---

Thank you, John and good morning. As we noted earlier, we're presenting all of our segments results on an adjusted pro forma basis.

Please turn to slide 20 to review water technologies results for the June quarter. Sales and operating declined 21%, a 17% decrease in volume accounted for 75% of the sales decline, while lower rates of exchange contributed 35%. These unfavorable impacts were partially mitigated by favorable sales mix.

The overall volume decline versus a prior year has remained at similar levels since February. At 34.7%, gross profit as a percent of sales significantly improved primarily due to decreases in raw materials and manufacturing costs combined with favorable mix.

EBITDA increased slightly to \$56 million in the quarter, representing an increase of 290 basis points to 12.8% of sales approaching our short-term targets for this business. Although not on this chart, EBITDA increased 47% over the March quarter, driven by improvements in both selling, general and administrative expenses and gross profit percentage.

Let's move to EBITDA bridge on slide 21. Volumes in the business were weaker versus the prior year quarter partially offset by favorable mix. Volumes were weakest in Asia Pacific decreasing nearly 30%. On North America was down 18% and Europe 8%.

Reductions in SG&A, primarily integration savings, furloughs, and reduced travel and entertainment expenses, although partially offset by an increase of \$2 million in bad debt expense moderated the impact of the volume reductions. Currency translation resulted in a \$7 million negative impact to earnings.

Please move to slide 22 for our outlook for this business. In the near-term, we continue to see signs that volumes are stabilizing globally, especially in Latin America and Europe. We continue to focus on managing our margins through improving the sales mix, price and manufacturing costs. Longer term, we believe improving volumes and mix will further contribute to margin expansion and ultimately drive operating margins to double digits.

Now let's turn to slide 23 to review Ashland performance materials results. Pounds per shipping day declined 22% versus the prior year quarter. However, please remember that Ashland acquired Air Products emulsion pressure-sensitive adhesives business a year ago.

Excluding the impact of that acquisition, volume declined 36%, a slight improvement versus the March quarter. Sales and operating revenue declined 40% and 46% on a comparable basis. We continue to believe these declines are consistent with the overall composites and castings markets.

Our composites business has improved on a relative basis and volume was down roughly 30% versus a year ago quarter, while the casting solutions business was significantly impacted by the well-publicized reduction in auto manufacturing during the June quarter and was down nearly 50%.

Gross profit as a percent of sales increased 280 basis points versus a year ago June quarter. Approximately, 30% of the improvement in gross profit percentage was due to reductions and manufacturing costs, primarily associated with reduced operations with many of our facilities.

In bridging between reported results and pro forma results, please remember that there were \$13 million of accelerated depreciation and severance, \$9 million of which affected cost of sales.

SG&A expenses improved by 23%, or \$14 million, as a direct result of the cost reduction actions taken during the past year. Overall, our EBITDA declined 33% versus a prior year quarter and as a percent of sales improved by 70 basis points.

Please turn to slide 24 for our EBITDA bridge. As you can see on this bridge, the margin improvements and reductions in SG&A expenses were not enough to offset the year-versus-year decline in volume. These volume reductions continue to reflect the weak automotive, construction and recreational marine markets.

Although, there had been glimmers of hope in the European composites markets, primarily in the manufactured stone area, there are also some negative impacts from mix as the pressure-sensitive adhesives business acquired last year has inherently lower margins than the average of our business.

SG&A improved by roughly \$11 million excluding currency translation in the June 2009 quarter, largely reflecting head count reductions. The \$3million reduction in the other category is primarily the result of lower equity income due to lower worldwide demand.

Let's turn to the outlook on slide 25. The volume trends for performance materials are not expected to change significantly in the near-term. July and August typically exhibits seasonal declines due to traditional holiday in Europe and other geographies. There are some signs that automotive production may return to March levels by the end of the September quarter.

In response to recently announced hikes in raw material cost for a number of products, including styrene and ethylene glycol, Ashland announced price increases of 2 to 5% in our North American and European composites businesses effective in July. These price increases should fully offset the raw material hikes.

Despite contractions in the construction and transportation end markets, we continue to emphasize development of technologies for premium applications in more attractive end markets, such as wind energy.

Our recent successes was with Ashland's DERAKANE Vinyl Ester Resin based on preliminary testing, DERAKANE Resins can improve processing time in the infusion method of wind turbine blade construction by 25% versus traditional resin systems.

We believe that this breakthrough will enable us to pursue a number of new applications in the growing wind energy market. While our near term outlook remains subdued, we are confident in the long-term prospects for this business.

Now, please turn to slide 26 for a summary of Ashland Consumer Markets results. Lubricant volume for Ashland Consumer Markets, or Valvoline, increased 4% over the prior year quarter, primarily driven by increases in volumes sold through our do-it-yourself market channel.

Strong promotions of key retailers supported the volume growth. Sales and operating revenue increased 3%. Gross margins improved from 23.9% a year ago to 37.5% in the June 2009 quarter, primarily driven by a combination of pricing actions that began in 2008, lower raw material costs in the quarter, cost savings initiatives and a continued shift in mix towards sales of premium brands.

Premium brands now represent 29% of all of our branded lubricant sales, a greater than 4% -- percentage point improvement over a year ago. Further contributing to the record performance, we reduced SG&A expenses by 5% versus the June 2008 quarter. Earnings improved significantly in all of Consumer Markets segments and in all geographies. As a result, EBITDA nearly tripled to \$103 million.

Slide 27 shows Consume Markets EBITDA bridge. As you can see, by far margin was a primary driver of earnings versus the prior year June quarter. Margins improved in both lubricant and non-lubricant sales. Valvoline Instant Oil Change continue show broad based growth with daily oil changes per store up 4% versus a prior year and average ticket, up 3%.

Now, please turn to slide 28 for Consumer Markets outlook. Since we talked to you last quarter, base oil cost increases totaling \$0.40 per gallon were announced for late June and July. We won't feel the affects of these increases until August and September.

The continued volatility in the crude oil market makes it difficult to predict future market dynamics. While market demands remains soft in the US and Europe, we've been able to mitigate the volume impact with new business and strong execution contributing to the growth in the DIY channel and our Valvoline Instant Oil Change business.

In early June, we launched a first of its time engine-guarantee program across the United States. Motorists who's registered their vehicles with Valvoline and used Valvoline motor oil regularly are rewarded with a free engine-guarantee up to 300,000 miles.

But still very early in the program, we have received very strong positive feedback from retailers, installers and consumers. We believe the Valvoline instant guarantee should provide long-term benefits of the business as it reinforces the brand's premium quality position with consumers, while encouraging regular vehicle maintenance and brand loyalty.

While our third quarter performance was unusually strong, the Consumer Markets business has momentum across market segments and should be the source of strong performance versus prior year comparisons in coming quarters.

With that, let's turn to Ashland distribution results on slide 29. Volume per shipping day decreased 26% versus a prior year quarter in the distribution business. Volumes in our chemicals and plastics lines of business both declined 23%.

When we exclude the eight percentage points of decline reflecting the termination of our aliphatic hydrocarbons distribution arrangement with Marathon, composites volumes declined approximately 40%.

Sales declined 39% to \$698 million, as average selling prices were 15% below the same quarter last year. The significant increase in gross profit as a percent of sales partially offset the volume declines.

SG&A expenses declined by only 4%, in part due to a net increase versus a prior year quarter of approximately \$5 million for environmental expense during the quarter, related to the ongoing review of environmental remediation matters. As Eric mentioned, we are addressing SG&A through additional cost-cutting measures. Overall, EBITDA declined 50% versus the prior year quarter.

Now please look to slide 30 for a look at distribution's long-term selling price and cost trends. During the quarter, average selling prices increased about 1% or seven-tenth of a cent per pound. Our product costs, excluding the impacts of quantity LIFO, increased nearly \$0.02 per pound. The \$0.08 per pound overall gross profit is inline with the performance we achieved in the second half of calendar 2008.

Please turn to slide 31 for our EBITDA bridge. During the quarter, margin improvements and SG&A expense reductions were not enough to offset the impact of the 26% reduction in volumes.

Let's turn to slide 32 for distribution's outlook. Significant and broad price increases were announced this month as chemical producers have been attempting to recover the impact of the run-up [ph] in crude from the mid \$30 range to current levels.

Unlike previous, recent price increase attempts, the July 1st increases appear to be gaining traction. Volume has continued to track approximately 25% below prior year levels. Demand appears to be steady without significant change up or down in the near-term.

As a result, as part of our \$27 million of cost reductions, we recently announced the elimination of 130 sales purchasing in customer service positions, and the closing of our Santa Ana office facility, to match our cost structure with current market demand.

Now please turn to slide 33 and Jim O'Brien will conclude.

---

**James J. O'Brien, Chairman and Chief Executive Officer**

---

Thanks, Lamar. Our performance during the June quarter continued to demonstrate our ability to generate cash during a difficult demand environment. We continue to focus on the things we can't control; pricing and aggressive cost management to offset the impact the significant demand declines in the marketplace. This focus has resulted increased pro forma EBITDA versus both the year ago June quarter and sequentially versus the March quarter.

The resulting strong operating cash flows are being used to pay down debt. And the eight months since we closed the Hercules acquisition, we have reduced our debt more than \$600 million or nearly 25% and significantly improved our cushions relative to our debt covenants.

We are significantly over delivering our plant cost savings, both from a dollar and timing perspective. We delivered \$87 million of savings in the June quarter, and our run rate stands at \$287 million. This is ahead of our targets by three months and \$22 million.

I am not convinced that the economy will come back as rapidly as some are suggesting. While we are seeing signs of economic broadening [ph] in many of our businesses, there are few signs of volume improvement beyond typical seasonality. As a result, we are continuing to focus on what we can't control. Our costs and initiating further activities to resize our operations, assuming a sustained volume depressed environment.

As such, we need to reduce our structural cost further and our debt to find \$100 million of additional savings. These cost-cutting actions are necessary to maintain actions competitiveness and create a cost structure that we can leverage when the end markets recover. And we expect that when the markets turn, we will be well-positioned to enhance profitability faster than sales growth.

With that, we'll take your questions.

**QUESTION AND ANSWER SECTION**

Operator: [Operator Instructions]. We will take our first question from Jeff Zekauskas with JPMorgan.

**<Q – Jeffrey Zekauskas>**: Hi, good morning. Just a couple of short questions. In terms of the increase in the tax rate, the business performance, I guess is across the segments is unusual when it comes to Valvoline. So, basically, are you raising your tax rate because you'll earn more in Valvoline in the fourth quarter than you thought you did before?

**<A – Lamar Chambers>**: Valvoline being -- this is Lamar, Jeff.

**<Q – Jeffrey Zekauskas>**: Yeah.

**<A – Lamar Chambers>**: Thanks for your question. Valvoline being a primarily a North American source of earnings for us has been a significant factor in the adjustment of our tax rate in the quarter. As we evaluate on an ongoing basis each quarter, our expected earnings and the mix of those earnings by country, of course, we adjust our levelized tax rate, effective tax rate based on the total year expectations. So, you're correct to associate that increase with higher earnings from Valvoline and that being mostly a North American contributor. Let me just mention in the taxes area, whereas we noted in our comments, we've recorded taxes of 44% effective rate in the third quarter on a GAAP basis. When we exclude the key items effect from that, that would take that down to about 35% rate. We would expect that the rest of the year to have an effective tax rate of about 27%, based on our current best estimates.

**<Q – Jeffrey Zekauskas>**: Okay. So that's 27% for the fourth quarter?

**<A – Lamar Chambers>**: Yes.

**<Q – Jeffrey Zekauskas>**: And then, secondly, just in looking at some of the margin trends, both in distribution and in water treatment, your gross margins stepped down for the month of June versus where it had been previously. Is there a trend in either of those businesses towards weakening margins going into the fourth quarter?

**<A – Lamar Chambers>**: Certainly, we did see the step-down as we saw our cost increase during the June quarter, relative to the prior quarter. We wouldn't necessarily expect that trend to continue into the fourth quarter. We think where we seen the June quarter should be pretty indicative. Eric, do you have some additional comments [indiscernible] that you'll able to provide here?

**<A – Eric Boni>**: Yeah, I think Jeff, couple of things that are taking place there, one is in water, we didn't really get into the specifics on this, but as our -- as we continue the refinement of our expectations around the breakout and the allocation from the Hercules acquisition of where the assets are placed, that did create some changes in the mix between where expenses show in SG&A versus cost of goods, so there was some catch up if you will, during the quarter in water and Aqualon both that affect the rate, if you want to think about in terms of an ongoing basis, the adjustment for Aqualon was about 3% of sales and the adjustment in water was about 1% of sales and you'll see those same offsets -- roughly same offsets on the SG&A side. That's the point what was going on with water. And one thing I'd remind you about in the Distribution business, we did have a pretty significant quantity LIFO. It was in the March quarter of about \$11 million, and of course most of that did fall off here in this quarter. So those are two primary drivers.

**<A>**: Hey, Jeff, just to conclude on that the quantity LIFO of about \$8 million last year, and in Distribution, we're having the hardest time is in plastics getting a lag on trying to recover the price increases are trying to be pushed through on plastics, and that compressed the margin about a 1.7%. So that had an effect of about \$11 million. Whereas in our Chemical segment, they are

having a much easier time to recover the price increases as they come through and there wasn't any change sequentially. So the issue is in the plastics side, and I think that's starting to stabilize a little bit now with these pricing are starting to take effect and people pushing them through. So that was really why I [ph] compressed to compare against last quarter.

<Q – Jeffrey Zekauskas>: Okay. Thank you very much.

Operator: Our next question comes from Laurence Alexander with Jefferies.

<Q – Laurence Alexander>: Good morning.

<A>: Good morning.

<Q – Laurence Alexander>: Just a couple of questions. First on Valvoline, can you sort of address what you see as serve [ph] a more sustainable run rate for that segment. As I know back in the 90s, you held margins at an elevated level for quarter a while, but how to you see playing out this cycle?

<A>: What we're seeing in the market today is obviously there have been some price increases that we have taken as an industry. And that is taking the margins down from the peak, but they're still very, very good. So, as we look going forward, the market is showing some signs. There has been some announcements of some price increases. So that is really giving us our first indication of what potentially could happen here in the near term as crude strengthens and starts rising. There is an indication that the broader market is trying to hold margins kind of where they are trending this quarter. So, we'll find out for sure if that takes affect. If the market moves, Ashland will follow. So we will hope that the margins will stabilize around this quarter. If they do, that's a very good thing for the business.

<Q – Laurence Alexander>: Now, secondly in terms of free cash flow, I mean you've been coming in ahead of where you initially targeted. How do you see what you see as uses of cash once you hit your two times that's EBITDA target?

<A>: The objective to get the two times has been in the forefront of everyone's mind here at the company, and we are very hopeful that in the near term, that we'll be able to achieve that. So, that's the primary focus that we have. So, as we reach that milestone and we say that we have free cash, the first thing we plan to do is accumulate that free cash. I'm not going to spend something I don't have, so we will accumulate cash for the near term and we continue to build liquidity and build our balance sheet. So the next question is after cash is accumulated, what's next? Obviously, we have opportunities in various businesses. Our primary focus is in the Aqualon business. We're hopeful that we will find adjacent opportunities for investment. And those that -- truly add shareholder value, we'd be very interested in doing that. We'll look at other alternatives perhaps to enhance shareholder value. But primarily our focus will be in the near term due [ph] to raise cash, accumulate cash and strengthen liquidity and then evaluate opportunities going forward.

<Q – Laurence Alexander>: And is there anything due in Q4 that would be a attraction from free cash flow? I mean if you look at the bridge that you have -- so far year-to-date you've done fairly well, but are there any -- is there any outlays that you really need to do their non-operating items?

<A>: The things that could potentially impact free cash flow I think are on the upside. We still have several small divestitures that we are continue to pursue. If those come to fruition that will be a source of cash, an additional that we accumulate. So, we're still going to complete all of the items we believe that would be important to us to reshape our portfolio. So anything that I see on the horizon on that is probably be a positive, not a detriment.

<Q – Laurence Alexander>: And lastly, this for Lamar. What you see is the run rate interest expense going forward given the deleveraging that you've done year-to-date?

<A – Lamar Chambers>: We're looking that on our interest cost of about 8.3%, weighted cost across the full tranches of our debt.

<Q – Laurence Alexander>: Okay. Thank you.

<A – Lamar Chambers>: Thanks.

Operator: Moving to our next question with Mike Harrison from First Analysis.

<Q – Michael Harrison>: Hi, good morning.

<A>: Good morning, Mike.

<Q – Michael Harrison>: Of these new cost-cutting actions, \$100 million, can you breakout how much you view as permanent versus temporary in nature?

<A>: As we look at this next hundred, what we're trying to do is make structural change in the business. And this is in part reaction to some of the temporary actions that we took early on in the March quarter. We need to move along those actions now to permanent actions, so we can maintain the cost savings and SG&A rates that we have against demand curve that we have. So the 100 that we're pursuing now, a lot of it is head count and things along those lines to see more permanent structural change. That's what we are pursuing that time.

<Q – Michael Harrison>: All right. A couple of questions for John on Aqualon. Where would gross margin have been in the [indiscernible] if you had not been liquidating inventory during the quarter. And can you also comment whether that inventory destocking is finished at this point or we should see more of that in the fourth quarter?

<A – John Panichella>: Yeah, Mike. For the quarter, as we announced, we reduced a planned amount of \$23 million of inventory and we're pretty confident that that's the run rate, where we will keep it at that rate now the inventory values for the fourth quarter. That generated cost of about \$7 million, which was about 3%. So you could take our margins and add about 3%, and that would be a comparable had we not -- and had we run the plants in concert with sales.

<Q – Michael Harrison>: All right. In terms of the SG&A costs in Aqualon, it looks like you got about 600 basis points in improvement as a percent of sales compared to the prior quarter. I was wondering, if you can talk about how you did that, how sustainable that improvement is and did you reduce -- make any reductions in the sales force marketing or any other spending that might impact growth longer term?

<A – John Panichella>: Well, I'd start by saying the reductions were pretty broad based with focus though, in the supply chain and along the product lines that have the most reduction in volume. So, we did reduce across the board. So we reduced some sales, marketing etcetera, but the primary reductions came around the SG&A that supported those product lines that had the most reduction in volume. And I don't think we've done anything SG&A wise that will impact our growth strategy and our ability to grow the business.

<A>: And Mike, one thing to keep in mind, we talked a little bit early about the impact on gross profit percentage from this movement of D&A. It does benefit SG&A some as well, so about half of that or about 3% of sales was related to this shift if you will -- reclassification of D&A.

<Q – Michael Harrison>: Got it. And then last question I have is on the Aquaflo product and if you maybe talk about any kind of shift that's occurring from focus on cellulose-based products to synthetic products. Can you talk about your expertise when it comes to developing and

commercializing synthetic rheology modifiers? And what kind of opportunity do you see for growth in synthetics as compared to the cellulose-based products?

**<A – John Panichella>**: Mike, what we've -- what we've done is this has been a -- about a six-year strategy for us. And we're really gaining traction in this area. So we've developed quite a lot of expertise in this area. We have commissioned a new production facility at the end of prior year as our capacity was limited and even in this down market our new plant is about 70% full. So, we really have been doing quite well here and developing some very nice capabilities and this is one of those technologies that really compliments our core cellulose. So I would say, we're very proud of the accomplishments we've made in this area and I think we can really generate some nice growth and it's consistently grown now for the past six years.

**<Q – Michael Harrison>**: All right. Thanks very much, John.

**<A>**: Thanks, Mike.

Operator: We'll hear next from Dmitry Silverstejn with Longbow Research.

**<Q – Dmitry Silverstejn>**: Good morning, guys.

**<A>**: Good morning.

**<Q – Dmitry Silverstejn>**: I have couple of questions; first of all, in the Aqualon business the shutdown of the guar gum plant, when do you expect that to come back? Is that a question of markets coming back, or you're working off inventory? What's going to determine when the plant is going to restart?

**<A>**: That plant is almost 100% tied to our energy business. And the reason that we have taken the actions we have taken as we don't see any short-term recovery in the energy business. And it will take a pretty significant uptick in energy before we need the plant and so as energy markets recover, we can restart the plant as needed.

**<Q – Dmitry Silverstejn>**: So, should we be looking at things like rig counts or some other data to give us an idea of when that time is approaching?

**<A>**: Yes.

**<Q – Dmitry Silverstejn>**: Okay. Secondly, you mentioned in prepared remarks that the water business margin goal is still to get back to double-digit levels, can you go into a little bit more detail of the timing that you expect to get that accomplished or given the uncertainty in the economy maybe what needs to happen from the economic point of view and from the business point of view internally for that to be realized?

**<A>**: Right. The water business has made a lot of progress in integration between that the paper segment and our commercial segment that we put together. We're really pleased with that and the SG&A is really starting to take effect and it making big progress on the earnings. Part of what's been affecting the business they've taken significant numbers of bad debt cost over the last -- really four months. So, that's really had a big impact on the reported results. We're starting to see some of that slowdown as our customers trying to stabilize I think those that are -- that are going to go bankrupt, so as bigger ones have occurred. So, we're hopeful that we'll see -- maybe none to just a little bit going into the future. So that will be a big help. So, our cost structure is getting better. We're doing a better job I think in pricing as we've gone out into the marketplace and priced, I think we have a much better experience and we have much better processes and procedures and controls over that. So, we're starting to see our price in the marketplace strengthen and position ourselves better. So that's encouraging to see. The other aspect is we're being invited to compete in various

segments of the market that we weren't invited before. So, because of our size and scale, I think we've been recognized as having a broader portfolio of products and expertise than we did otherwise. So, we have been invited to several pieces of business that we otherwise were not invited. We actually won a couple of pieces of business that are pretty sizable, which was encouraging. So, as we see this business kind of repositioned I think that for the first time in my mind that we've been talking about this -- not only do we have the objective I think we actually have the ability and the capability to deliver. So, over the next several quarters, my expectation is that this business should strengthen this metrics every quarter marginally, so constant improvement is expected in every quarter going forward. And I think we actually have the ability to deliver, so I'm encouraged by that.

**<Q – Dmitry Silversteyn>**: Okay, so it sounds like a lot it is internal actions and the stronger toolbox that allows you to go after business that you perhaps wasn't to go before, so we're not really sitting here looking for the economy to turn around?

**<A>**: No. If you look at the impact of the business, our water business was down about 18% in North America, about 8 in Europe, and Asia has actually been the weaker part, is down about 30. So Asia is recovering faster and that part of the business for us is probably the strongest, as far as demand curve. So as the economy recovers, I think water will probably benefit the quickest of any of our businesses.

**<Q – Dmitry Silversteyn>**: Even quicker than the performance materials?

**<A>**: Yes. Because I think performance materials is a longer slog of structural change in automotive business. Housing starts will have to climb. And then the marine business will have to come back from laying on its back. Whereas the water is participating more in the paper segment obviously, and that's more consumer goods and packaging will be the leader there. And then just broad economic activity for industrial production. So I think it participates in a much broader array of segments versus performance that is tighter and above three.

**<Q – Dmitry Silversteyn>**: Got you. Okay. And then one more question on the plastic distribution part of the business. You know PolyOne is going to be releasing here in a couple of weeks and Schulman released recently, it looks like these are mature results of distribution business, their plastic distribution business did okay. Can you talk a little bit more detail about what's going on in plastic distribution is it just a question of you having to lower prices now to catch up with declining resin costs or are you losing market share, is the whole transition to a new supplier causing some hiccups? Anything going on in that business that maybe more company-specific than market-specific?

**<A>**: Well, I think that it's more of just a lag of moving the price through the market. I mean, our experience has been our sales are, I think, in line of what our expectations are against last quarter, as far as the growth of the market. So as we look at it, it's probably our ability to get our prices up. And prices up mean as we have to take our price increases from the suppliers which are being very, very aggressive, but we have to be just as aggressive on the other side of the equation and require that from our customers. So it's a -- but being a soft market out there, it's a little tenuous that sales people are not as -- don't have the same kind of backbone they had when things were tight and prices were rising now that markets are weak and prices are rising, it's a different challenge. But we understand it and we're putting the pressure on them to get the prices up and that's something that we'll accept. But the quarter that was the result, we lost about 1.7% because we didn't get it through.

**<Q – Dmitry Silversteyn>**: Okay. So are your competitors being more aggressive on pricing, and maybe you are picking up a little bit share as a result of you moving slower or is everybody having equal difficulties that indiscernible]

<A>: I think its equal difficulties and I'll listen carefully the PolyOne's report to see [ph].

<Q – Dmitry Silversteyn>: Okay.

<A>: If we do a better job.

<Q – Dmitry Silversteyn>: All right. And then final question on -- and I just want to follow-up on Jeff's -- one of Jeff's earlier questions. On Valvoline margins, there were a lot of moving pieces that you described in answering the question. I am just trying to wrap my mind around the sustainability of these margins maybe not at 21, 22% level, but somewhere in the mid-to-high teens. Base oil pricing is beginning to pick up. Is there anything else going on within the business that would make margins here retreat to levels of, let's say, a year ago versus levels of the last couple of quarters?

<A>: Yeah. To me, the floor is found when the next price increase comes through. And what's interesting to me at this stage, there have been announcements. So if these announcements take shape and they take affect, they get put to the marketplace, then we can answer that question with almost certainty what the floor is. Because we will have some increase of the crude. It will flow through to the LOOP stock, which then get translate into a new price in the market for finished LOOPS. So, until that takes affect, it's anybody's guess where that number lies, but I'm encouraged to see that there is an interest on behalf of the several [ph] in the market to try to find a floor at this level.

<Q – Dmitry Silversteyn>: Okay. And when you talk about pricing, [indiscernible] raw material pricing going up?

<A>: I'm talking about finished goods going up.

<Q – Dmitry Silversteyn>: Okay.

<A>: Yeah. But there has been an announcement of a strong competitor of bringing the finished goods price up.

<Q – Dmitry Silversteyn>: I got you. Okay. All right. Okay. Great. Thanks a lot.

<A>: Great.

Operator: Our next question comes from Mike Sison from Key Banc.

<Q – Mike Sison>: Hey, guys congrats on a very nice quarter.

<A>: Thanks, Mike.

<A>: Thanks, Mike.

<Q – Mike Sison>: I wanted to revisit Valvoline real quick. If you look back historically it tends -- your operating income there tends to average somewhere between 70 to 90. It is 83 last year. You're assuming it end up somewhere well over 200. So, if you think about the improvement that you are going to see this year relative to those ranges, how much of that is just cost savings and you've done a really nice job of improving Valvoline Instant Oil Change and my sense says that the base earnings should be higher than what you've seen historically just on the cost savings and the improvements in the Valvoline Instant Oil Change.

<A>: Yeah. I would say that's a correct analysis that the changes of the business and the structure of the business were different. So if you go back to historical numbers as far as the last couple of years, it's definitely going to be higher than that, even reverting back to the same gross margins. So

you'll have improvement inherently just how the businesses run above that. And then -- but the real gain obviously is the broader gross margin expansion. So, that's where we're focused on trying to retain as much of that as possible as we sit and try to manage through the marketplace and support whatever pricing that we can support in the market.

**<Q – Mike Sison>**: Would the cost savings and improvements in the business -- I mean would that sort of normalize your earnings assuming old margins somewhere in the, lets say, 130s, 140s, if I did the math and looked through the cost savings?

**<A>**: I don't know. You are probably better analyst than me.

**<Q – Mike Sison>**: Well, we will see. All right, well, I appreciate that. John, in terms of Aqualon, when you think about the changes that you've made in the business, particularly cost savings, how should we think about leverage when the volume returns hopefully at some point in time, given an economic recovery. Is it much higher than what it was historically? And maybe for us, who aren't familiar, could maybe remind us what the leverage was historically?

**<A – John Panichella>**: Yeah. I think you should think about it as we will come out of a -- when volumes return, we'll have a better cost structure. So we should get some leverage on our business due to the changes that we've made here in the past nine months.

**<Q – Mike Sison>**: Does the incremental margin move up? Is it more in the 30%, 35% range, maybe versus historically in the 20s or something?

**<A – John Panichella>**: Yeah. Something like that.

**<Q – Mike Sison>**: Okay.

**<A – John Panichella>**: Mid-30s.

**<Q – Mike Sison>**: I was impressed to hear that the -- your coatings business was flat given that most of our coatings companies are certainly not flat year-over-year, how sustainable is that new product generation or new product market share gains that you have? How long does that sort of last into the next couple of quarters?

**<A>**: Right now, we're pretty confident in our coatings business performance, primarily driven by new products and I think we had talked a little bit about the Aquaflow or the synthetic area. We're doing quite well there actually, so that is really offsetting some of the market shortfall in some of the core products. So its -- our core products are doing well. We're outperforming in that area. That coupled with some of the new products that we've launched around the synthetic platform is really the driver of performance and I think it's relatively sustainable.

**<Q – Mike Sison>**: Okay. Then, Lamar on distribution, and I think I understand what has happened in terms of the changes and possibility, third quarter versus second quarter, you had really good second quarter. Longer-term -- maybe just fundamentally, can you give us some understanding what should drive profitability in that business? Is it -- is it going to be more volume? Is it going to be more the relationship between your prices in raw materials? And clearly, I think you can get the cost structure where it needs to be, but I just want to get an understanding fundamentally, you know, what drives profitability for that business because it does fluctuate quite a bit on a quarterly basis.

**<A – Lamar Chambers>**: Well it does, and it is really all of the above as far as the answer. I mean, volume is clearly our biggest challenge in this business in terms of the current economic environment. We believe we've cut costs and particularly with this latest announcement of about \$27 million of expense reduction to rightsize to the current demand levels, but volume returning

would solve a lot of problems. We don't control that, so we're not waiting on that to happen. We have improved over the past year or so, in particular our pricing process considerably. We believe we're better able today to push through price increases as our supply cost increase. So that's been helpful to our margin. We did see a little bit of shrinkage as Jim mentioned about 1.7% in our gross profit percentage as a result of some lag in the past quarter in getting our cost fully recaptured in price, but we're doing a much better job of that and are going to continue to focus heavily on that piece. So it's managing the lag between our cost increases from our suppliers and our pricing, which again I believe we're doing a much better job than we have in the past. And this managing expenses kind of below the gross profit line if you will of the gross margin line which we've attacked very aggressively here recently.

<Q – Mike Sison>: Okay. Great. Thank you.

<A>: Thanks, Mike. We have time probably for one more call.

Operator: Thank you. Our next question comes from James Sheehan [ph] with Deutsche Bank.

<Q>: Yes, good morning.

<A>: Good morning.

<A>: Good morning.

<Q>: Yeah. One more question on water technologies, just wondering about your pricing strategy there, you talked about longer term opportunity for margin expansion sort of based on new product sales in growth markets. Are you referring to Asia, sort of your emerging markets there and are you getting more pricing power in these growth markets or can you just explain to me little bit about why you're confident about mix improvement?

<A>: When you look at the business and where the opportunities lie, Asia is actually been one of our better markets. They are down the least of -- I'm assuming the Asia is down a lot more than the others, but as far as profitability, it's done very, very well. Profits there are very strong. Although North America sales are probably down -- at least of any of the business we have in North America. As I look at the business structure and the opportunities to strengthen the metrics of the business, North America has probably the most room to be made. So, I think if we get North America right, and change the metrics positively in that piece of the business, I think Europe is already there and Asia is pretty much already there, I think the business gets stronger overall. And that's to me the key is getting those business metrics right in North America.

<A>: And another thing to keep in mind, one of the things we announced over the last couple quarters has been trying to reduce our cost structure on certain products, things like our sizing products, our wet strength of polyacrylamide and we're going to a lower service cost model, specifically in those -- and we think that those can help drive profitability in the business as well -- some of those fundamental changes in the business.

<Q>: Okay. And then also on distribution, just curious about your price increases there. The last couple of quarters, your price increases haven't been successful, now you are talking about gaining traction in July. Is that based on crude oil or what are their dynamics are encouraging you that you'll be getting price?

<A>: When you look at our chemical side of distribution, we've gotten price. So, that part has been executed as it should. As we mentioned the part that's been a little weaker has been our distribution -- I mean distribution of plastics, that's been a little bit weaker and that costs us as we said 1.7%. So, as the market stabilizes a little bit as far as the rate of price increase, we have been able to catch up and hold. So, the question becomes on the plastic side, as crude continues to

strengthen and as they raise prices on the plastic side, our success in getting that through the market. So chemicals, we have done a very good job. Plastics need do a better job.

<Q>: All right. Thank you very much.

---

**Eric N. Boni, Director, Investor Relations**

---

Great. Well, we thank everyone for your interest in Ashland and look forward to talking to you in the coming month.

Operator: This does conclude today's conference call. Thank you for your participation.

**Disclaimer**

The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

*The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2009. CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.*