



Second-Quarter Fiscal 2011 Earnings

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Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements are based upon a number of assumptions, including those mentioned within this presentation. Performance estimates are also based upon internal forecasts and analyses of current and future market conditions and trends (including the ability to recover raw-material cost increases through price increases); management plans and strategies; operating efficiencies and economic conditions; and legal proceedings and claims (including environmental and asbestos matters). Other risks and uncertainties include those that are described in filings made by Ashland with the Securities and Exchange Commission (SEC), including its most recent Forms 10-K and 10-Q, which are available on Ashland's website at <http://investor.ashland.com> or at www.sec.gov. Ashland believes its expectations are reasonable, but cannot assure they will be achieved. Forward-looking information may prove to be inaccurate, and actual results may differ significantly from those anticipated. Ashland is not obligated to subsequently update or revise the forward-looking statements made in this presentation.

Regulation G: Adjusted Results

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

Fiscal Second Quarter 2011

Highlights¹

- Completed sale of Ashland Distribution for \$979 million in cash
- Reported EPS from continuing operations of \$1.20
 - Adjusted EPS of 86 cents versus 84 cents in 2010 March quarter
- Achieved 9% sales growth over March 2010 quarter, to \$1.6 billion
- Maintained margins despite significant cost pressures in each commercial unit
- Adjusted EBITDA of \$192 million
- Generated \$72 million of free cash flow²
- Authorized \$400 million share repurchase program
- Announced intention to raise dividend to 70 cents per share annually

¹ Ashland's second-quarter earnings release dated April 26, 2011, available on Ashland's website at <http://investor.ashland.com>, reconciles adjusted amounts to amounts reported under GAAP.

² Free cash flow is defined as Cash Flows Provided by Operating Activities from Continuing Operations less Additions to Property, Plant and Equipment less Cash Dividends Paid.

Fiscal Second Quarter – Continuing Operations

Key Items Affecting Income

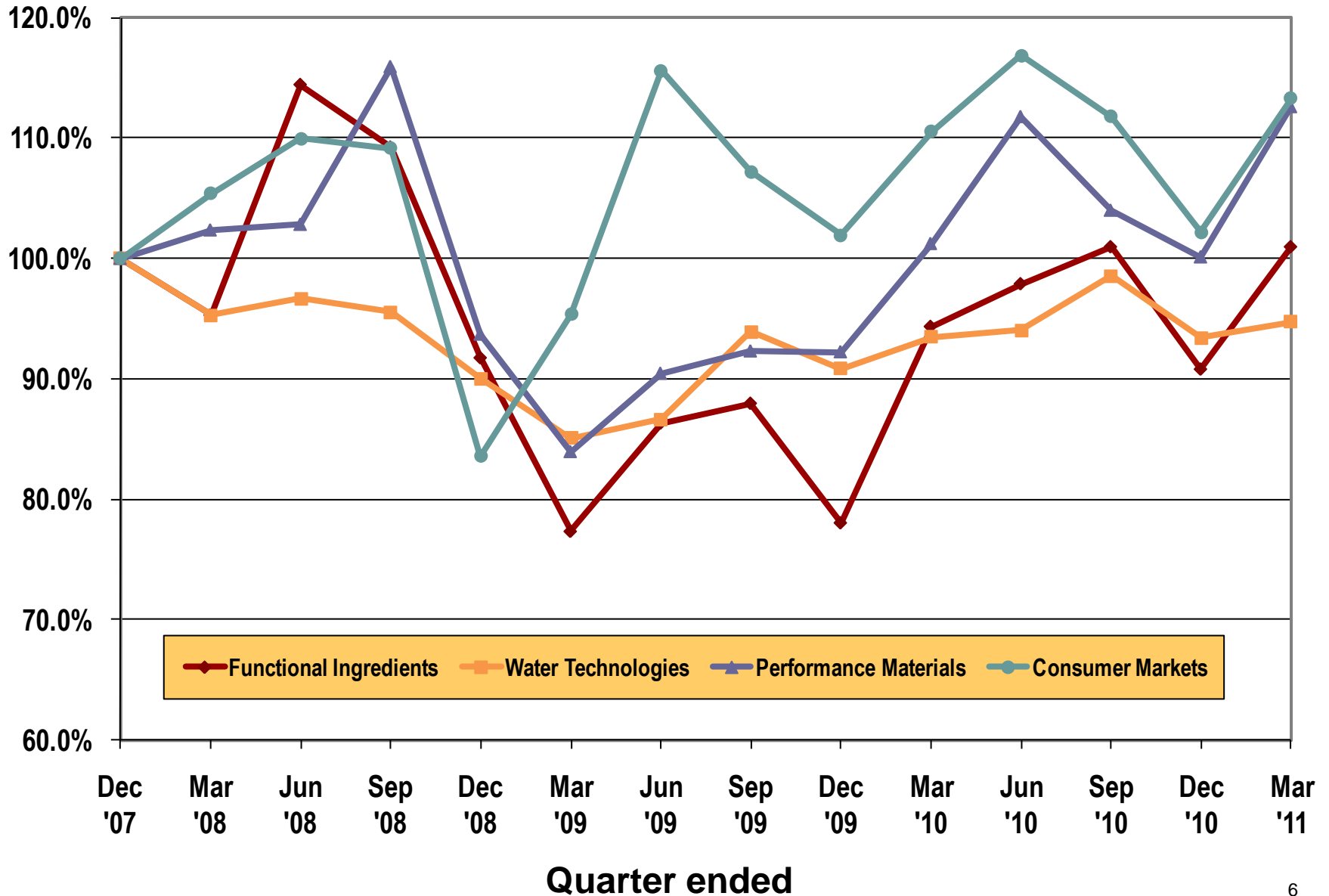
(\$ in millions, except EPS) Preliminary	Operating Income					Total		
	Ashland Aqualon Functional Ingredients	Ashland Hercules Water Tech- nologies	Ashand Performance Materials	Ashand Consumer Markets (Valvoline)	Unallocated and Other	Pretax	Aftertax	Earnings per Share
2011								
Accelerated depreciation			\$ (6)			\$ (6)	\$ (5)	\$ (0.06)
Accelerated amortization of debt-issuance costs						(12)	(7)	(0.09)
Discrete income tax effects							39	0.49
Total			\$ (6)			\$ (18)	\$ 27	\$ 0.34
2010								
Accelerated amortization of debt- issuance costs and prepayment penalty						\$ (66)	\$ (43)	\$ (0.54)
Medicare Part D deferred tax accruals							(19)	(0.23)
Total						\$ (66)	\$ (62)	\$ (0.77)

Adjusted Results Summary¹

(\$ in millions) Preliminary	Fiscal Second Quarter			Three months ended	
	Three months ended March 31,			Dec. 31,	
	2011	2010	Change	2010	Change
Sales	\$ 1,557	\$ 1,423	9 %	\$ 1,433	9 %
Gross profit as a percent of sales	27.5 %	30.3 %	(280) bp	27.9 %	(40) bp
Selling, general and admin./R&D costs	\$ 314	\$ 313	0 %	\$ 305	3 %
Operating income	\$ 128	\$ 132	(3) %	\$ 109	17 %
Operating income as a percent of sales	8.2 %	9.3 %	(110) bp	7.6 %	60 bp
Depreciation and amortization	\$ 64	\$ 67	(4) %	\$ 66	(3) %
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 192	\$ 199	(4) %	\$ 175	10 %
EBITDA as a percent of sales	12.3 %	14.0 %	(170) bp	12.2 %	10 bp

- Sales growth driven by volumes and pricing
- EBITDA up 10% sequentially despite significant cost pressures

Recent Volume Trends¹

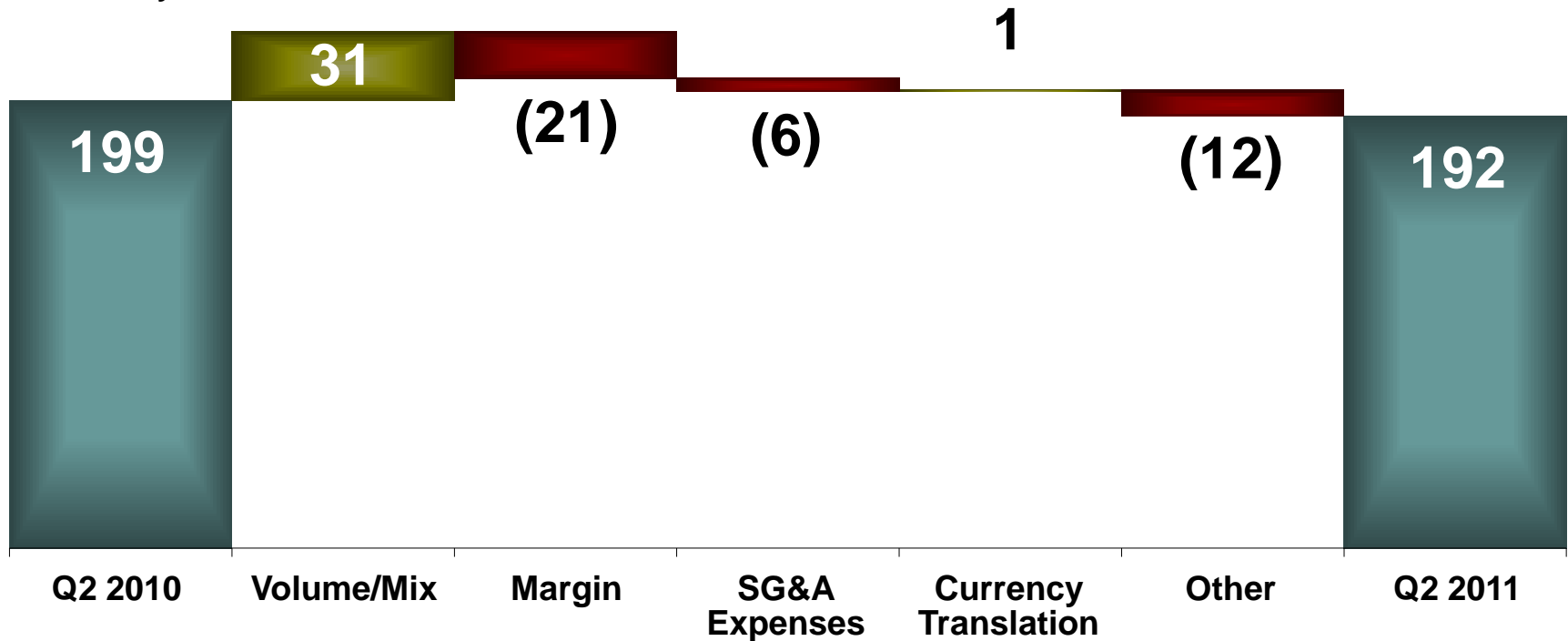


¹ Excludes volumes associated with Casting Solutions and divested Pinova and Drew Marine businesses for all periods. Includes volumes associated with Ara Quimica for all periods.

Q2 FY 2010 vs. Q2 FY 2011

Factors Impacting Adjusted EBITDA

(\$ millions)
Preliminary



- Strong volume growth over prior-year quarter
- Significant raw-material cost increases compressed margins
 - Offsetting price increases continue to be announced

Liquidity and Net Debt

(\$ in millions)

Liquidity		At March 31, 2011
Cash		\$ 1,129
Available revolver capacity		448
Liquidity		\$ 1,577

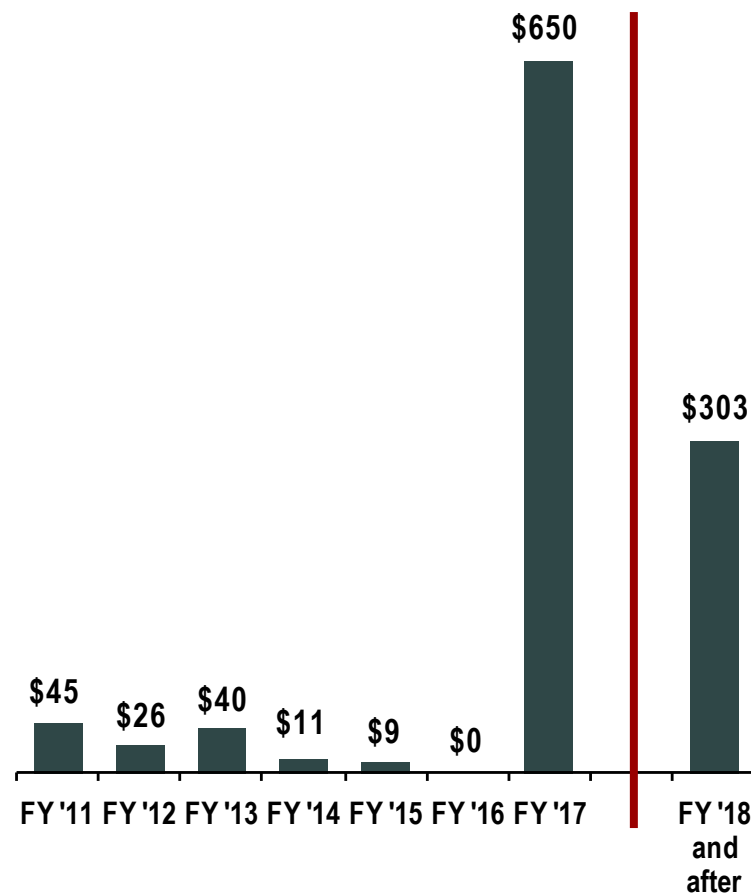
Debt	Expiration	Interest		At March 31, 2011	
		Rate	Moody's	S&P	
Revolver drawn ¹	03/2014	L+250	Baa2	BBB	\$ -
9.125% senior notes ² , par \$650 million	06/2017	9.125%	Ba1	BB	631
6.5% debentures, par \$282 million	06/2029	6.50%	Ba2	BB-	127
Other debt		Various			149
Total debt			Ba1/ Positive	BB+/ Positive	\$ 907
Cash (excludes auction rate securities ³)					\$ 1,129
Net debt					\$ (222)

¹ \$550 million facility, including ~\$102 million used for letters of credit

² Includes four-year, no-call provision.

³ Excludes auction rate securities with book value of \$22 million.

Scheduled Debt Repayments by Fiscal Year



Ashland Hercules Water Technologies

Adjusted Results Summary¹

(\$ in millions) Preliminary	Fiscal Second Quarter			Three months ended	
	Three months ended March 31,			Dec. 31,	
	2011	2010	Change	2010	Change
Sales	\$ 471	\$ 449	5 %	\$ 451	4 %
Gross profit as a percent of sales	31.3 %	34.5 %	(320) bp	31.6 %	(30) bp
Selling, general and admin./R&D costs	\$ 123	\$ 125	(2) %	\$ 120	3 %
Operating income	\$ 27	\$ 31	(13) %	\$ 24	13 %
Operating income as a percent of sales	5.7 %	6.9 %	(120) bp	5.3 %	40 bp
Depreciation and amortization	\$ 20	\$ 21	(5) %	\$ 21	(5) %
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 47	\$ 52	(10) %	\$ 45	4 %
EBITDA as a percent of sales	10.0 %	11.6 %	(160) bp	10.0 %	- bp

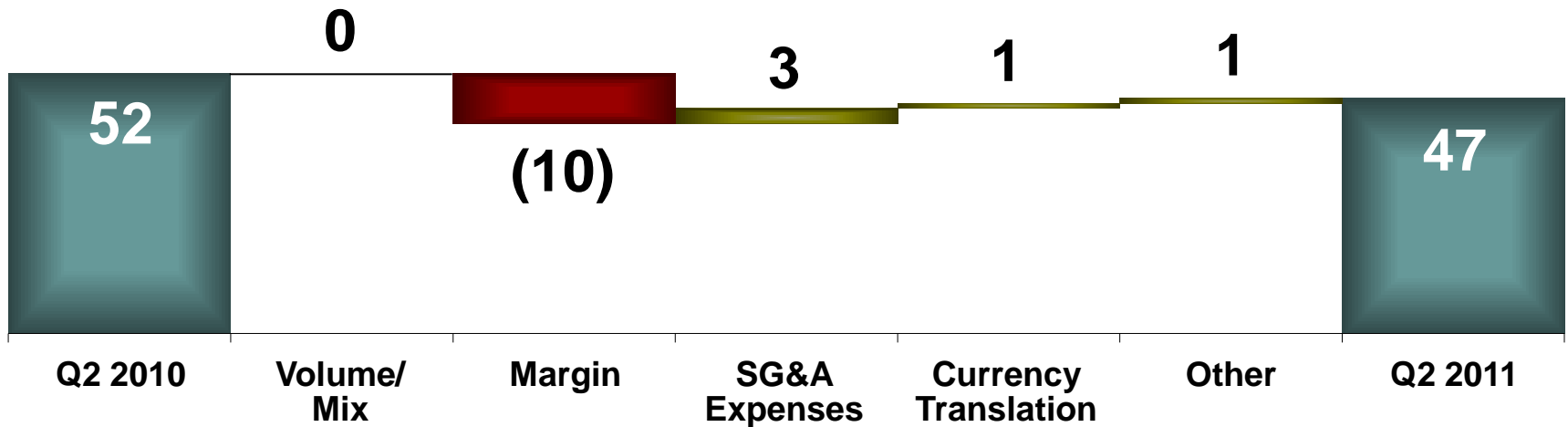
- Year-over-year sales growth in all regions
- Improved pricing during March 2011 quarter
 - Largely maintained sequential margins despite raw-material cost increases during quarter

¹ Ashland's earnings releases, dated April 26 and Jan. 25, 2011, available on Ashland's website at <http://investor.ashland.com>, reconcile adjusted amounts to amounts reported under GAAP.

Factors Impacting Adjusted EBITDA

(\$ millions)
Preliminary

Q2 FY 2010 versus Q2 FY 2011



- Negligible volume effects
 - Sales growth primarily driven through pricing
- Raw-material cost escalation continues to pressure margins

Pricing Recapture

- Significant margin declines versus year-ago quarter
 - Roughly \$30 million increase in raw material costs
- Pricing improvements made in March quarter
 - Modified pricing process
 - Improved tools to provide more detailed price and cost analysis
- Recovered 60% to 70% of sequential raw material increases through pricing

Path to Midcycle Performance

- Midcycle EBITDA margin target of 16% to 18%
- Areas where we've done well:
 - Focus on Growth markets
 - Growth in emerging geographies
 - StreamLink sales channel
 - Cost management
- Additional steps being taken:
 - New product offerings in higher margin process and utility-water product lines
 - Improvement in key customer processes: pricing, corporate account management and business analytics

Ashland Aqualon Functional Ingredients Adjusted Results Summary¹

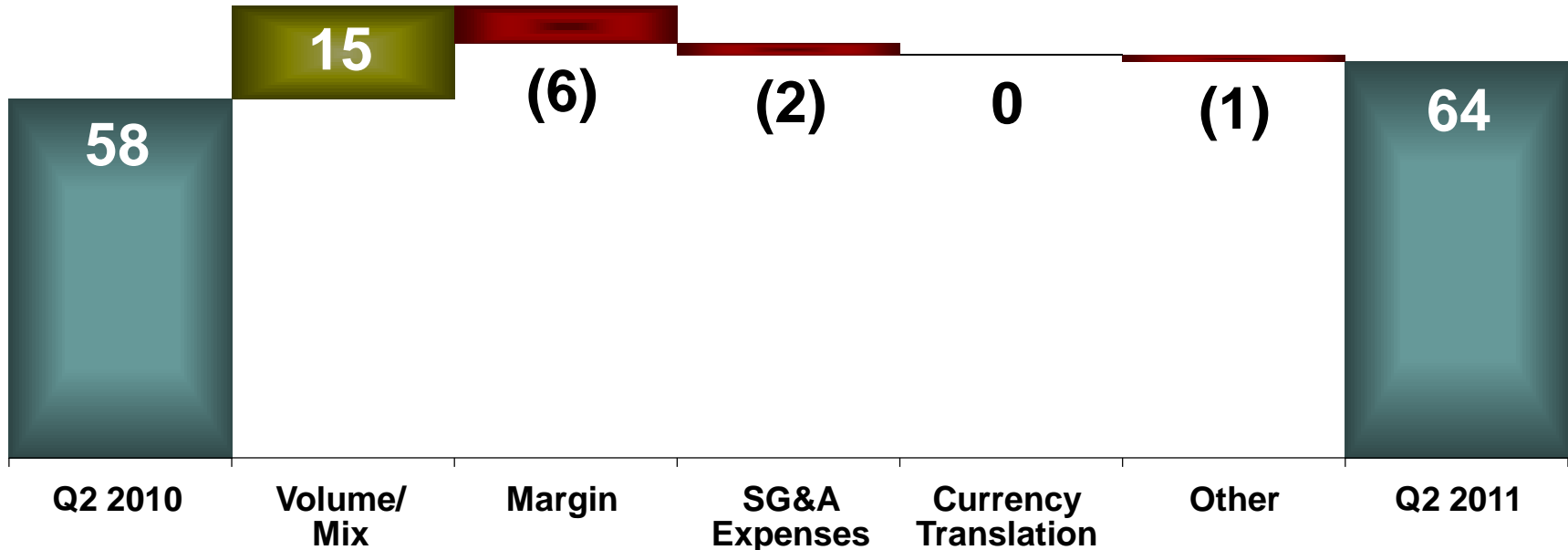
(\$ in millions) Preliminary	Fiscal Second Quarter			Three months ended	
	Three months ended March 31,			Dec. 31,	
	2011	2010	Change	2010	Change
Metric tons sold (in thousands)	42.8	41.9	2 %	38.5	11 %
Sales	\$ 270	\$ 240	13 %	\$ 216	25 %
Gross profit as a percent of sales	33.7 %	34.9 %	(120) bp	31.2 %	250 bp
Selling, general and admin./R&D costs	\$ 51	\$ 50	2 %	\$ 47	9 %
Operating income	\$ 41	\$ 34	21 %	\$ 19	116 %
Operating income as a percent of sales	15.2 %	14.2 %	100 bp	8.8 %	640 bp
Depreciation and amortization	\$ 23	\$ 24	(4) %	\$ 24	(4) %
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 64	\$ 58	10 %	\$ 43	49 %
EBITDA as a percent of sales	23.7 %	24.2 %	(50) bp	19.9 %	380 bp

- Volume and sales excluding divested Pinova business grew 7% and 17%, respectively, over prior March quarter
- Strong sequential margin improvement driven by pricing actions

Factors Impacting Adjusted EBITDA

(\$ millions)
Preliminary

Q2 FY 2010 versus Q2 FY 2011



- Significant volume gains driven by growth in all end markets
- Margin decline reflects increased manufacturing costs and costs associated with new Nanjing facility

Ashland Performance Materials

Adjusted Results Summary¹

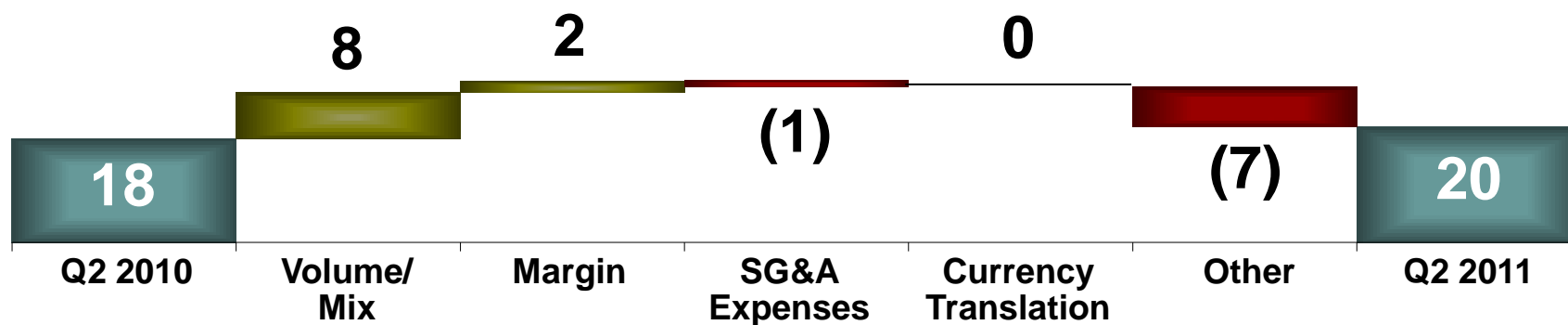
(\$ in millions) Preliminary	Fiscal Second Quarter			Three months ended	
	Three months ended March 31,			Dec. 31,	
	2011	2010	Change	2010	Change
Pounds/day (in millions)	4.4	4.4	- %	4.5	(2) %
Sales	\$ 325	\$ 304	7 %	\$ 326	(0) %
Gross profit as a percent of sales	13.9 %	16.5 %	(260) bp	16.6 %	(270) bp
Selling, general and admin./R&D costs	\$ 39	\$ 48	(19) %	\$ 43	(9) %
Operating income	\$ 9	\$ 6	50 %	\$ 15	(40) %
Operating income as a percent of sales	2.8 %	2.0 %	80 bp	4.6 %	(180) bp
Depreciation and amortization	\$ 11	\$ 12	(8) %	\$ 11	- %
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 20	\$ 18	11 %	\$ 26	(23) %
EBITDA as a percent of sales	6.2 %	5.9 %	30 bp	8.0 %	(180) bp

- Normalized sales up 23% over prior-year quarter
- Sequential gross profit decline largely reflects effects of Casting Solutions joint venture and higher raw material costs

Factors Impacting Adjusted EBITDA

(\$ millions)
Preliminary

Q2 FY 2010 versus Q2 FY 2011



- Strong volume gains driven by double-digit gains in all end markets
- Effects of ASK Chemicals joint venture captured in Other

Ashland Consumer Markets (Valvoline) Adjusted Results Summary¹

(\$ in millions) Preliminary	Fiscal Second Quarter			Three months ended	
	Three months ended March 31,			Dec. 31,	
	2011	2010	Change	2010	Change
Lubricant gallons (in millions)	44.8	43.7	3 %	40.4	11 %
Sales	\$ 491	\$ 430	14 %	\$ 440	12 %
Gross profit as a percent of sales	29.3 %	33.0 %	(370) bp	30.9 %	(160) bp
Selling, general and admin./R&D costs	\$ 87	\$ 79	10 %	\$ 77	13 %
Operating income	\$ 62	\$ 69	(10) %	\$ 65	(5) %
Operating income as a percent of sales	12.6 %	16.0 %	(340) bp	14.8 %	(220) bp
Depreciation and amortization	\$ 9	\$ 9	- %	\$ 9	- %
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 71	\$ 78	(9) %	\$ 74	(4) %
EBITDA as a percent of sales	14.5 %	18.1 %	(360) bp	16.8 %	(230) bp

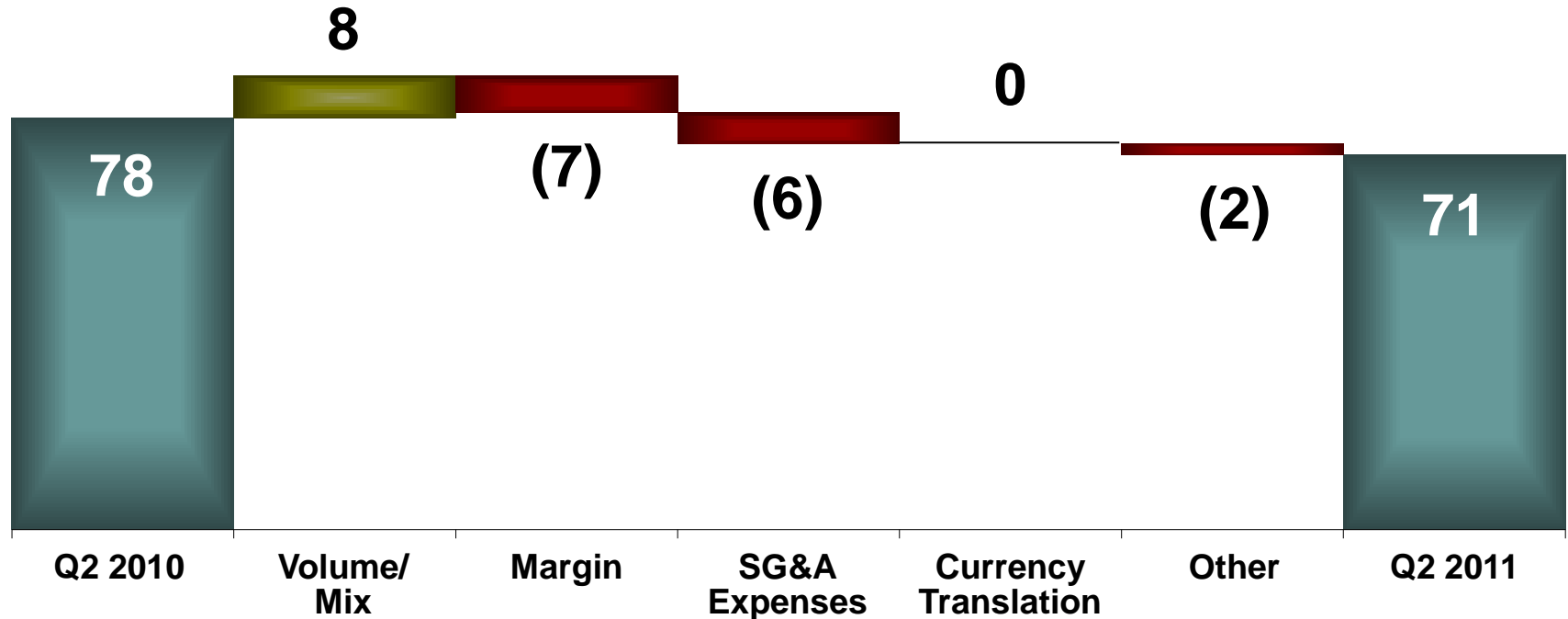
- Margin compression due to Jan. 1 base-oil cost increase of 25 cents per gallon
 - Pricing did not begin to offset until quarter-end

¹ Ashland's earnings releases, dated April 26 and Jan. 25, 2011, available on Ashland's website at <http://investor.ashland.com>, reconcile adjusted amounts to amounts reported under GAAP.

Factors Impacting Adjusted EBITDA

(\$ millions)
Preliminary

Q2 FY 2010 versus Q2 FY 2011



- Volume gains more than offset margin declines
- Increased SG&A expenses due to higher advertising/promotional activities and other miscellaneous items

Stranded Costs

- Ashland Distribution divestiture completed on March 31, 2011
- ASK Chemicals joint venture began operations on Dec. 1, 2010
- Combined stranded costs of approximately \$10 million per quarter
 - Plans to address these costs being finalized
 - Costs should be largely eliminated by calendar year-end

Corporate Items

- Capital expenditures of \$30 million in quarter
- Adjusted net interest expense of \$27 million
 - Payoff of Term Loan A results in approximately \$8 million of yearly savings
- Effective tax rate of 32% during March quarter
 - Excludes key items
- Quarterly pension and postretirement expenses
 - Reduced by approximately \$5 million for June and September quarters
- Stock repurchase program began purchasing in April

Performance Summary

- Good quarter considering significant amount of raw material inflation
- As compared with March 2010 quarter:
 - Volumes up 5%
 - Sales up 9%
 - EBITDA down 4% to \$192 million
- Free cash flow of \$72 million in quarter

Outlook

- Raw material costs remain high
 - Ongoing pricing actions are being implemented
- Stranded costs are being addressed
- \$400 million share repurchase program authorized
 - Board also announced intent to increase dividend to 70 cents per share annually
- Well-positioned to return value to shareholders through mix of options

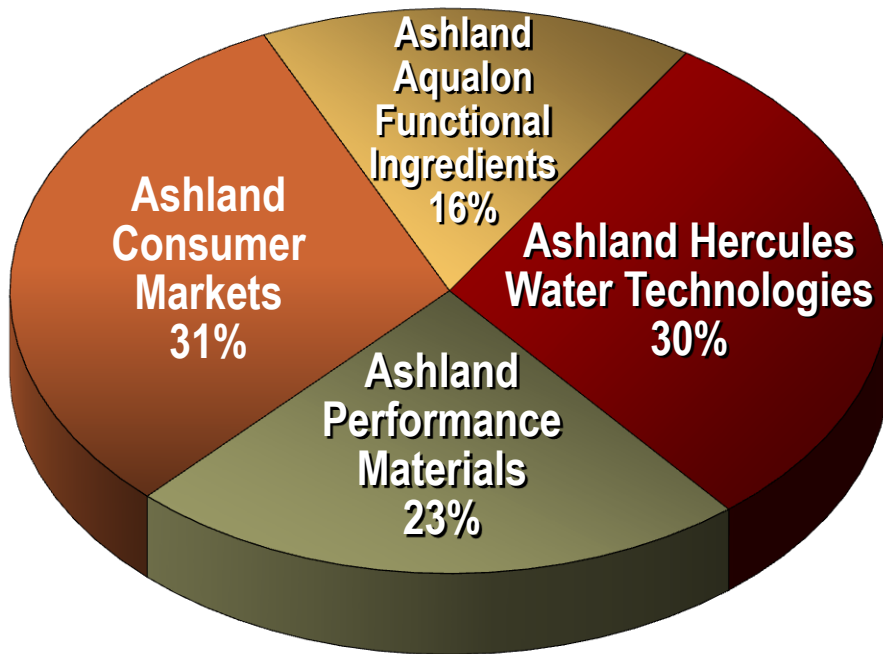


Appendix A:
Business Profiles
12 Months Ended March 31, 2011

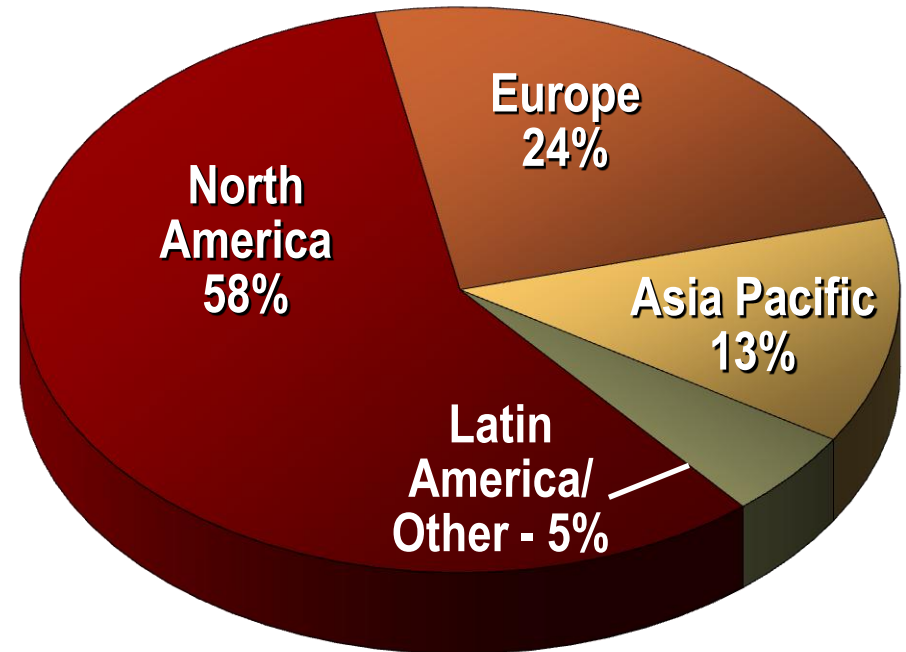
Corporate Profile

Sales¹: \$6.0 billion

By commercial unit



By geography

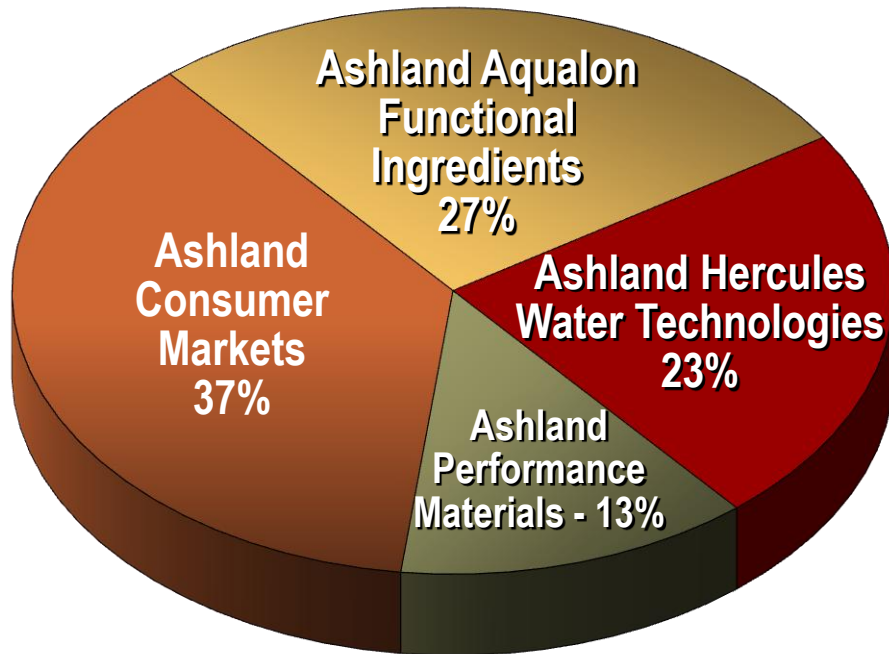


- 42% of total sales come from outside North America

¹ For trailing 12 months ended March 31, 2011.

Corporate Profile

Adjusted EBITDA¹: \$735 million



NYSE Ticker Symbol:	ASH
Total Employees:	~12,500
Outside North America	~40%
Number of Countries in Which Ashland Has Sales:	More than 100

- Approximately 25% of EBITDA comes from products derived from renewable materials

Ashland Aqualon Functional Ingredients

A global leader in managing rheology of water-based systems

Trailing 12 Months Ended March 31, 2011

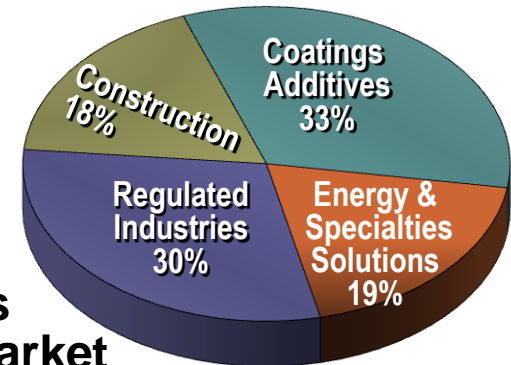
Sales: \$1.0 billion

Adjusted EBITDA: \$208 million¹

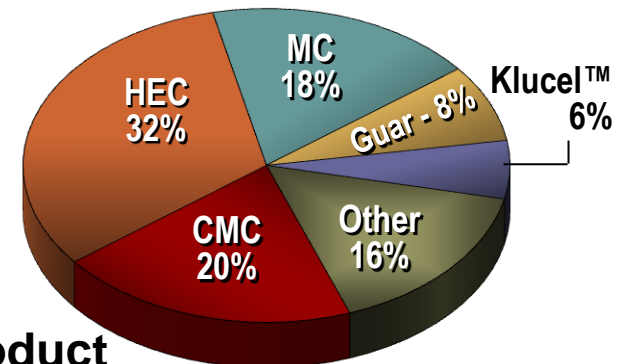
Adjusted EBITDA Margin: 21.8%¹

Business Overview	
Customers	<ul style="list-style-type: none"> • Diversified, global customer base
Products	<ul style="list-style-type: none"> • Broad product line based on renewable resources <ul style="list-style-type: none"> - Water-soluble polymers (cellulose ethers and guar derivatives)
Markets	<ul style="list-style-type: none"> • Regulated markets <ul style="list-style-type: none"> - Personal care - Pharmaceutical - Food • Water-based paints • Oilfield (chemicals and drilling muds) • Construction

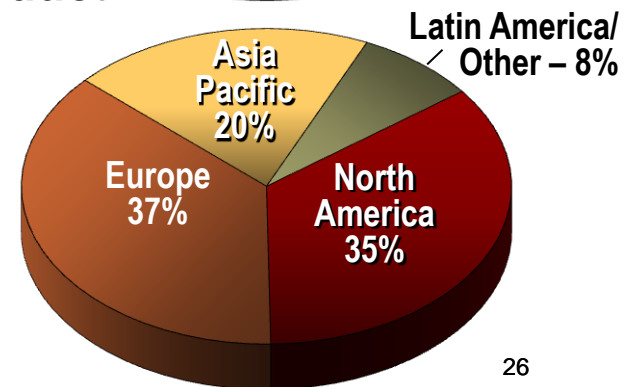
Sales by Market



Sales by Product



Sales by Geography



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

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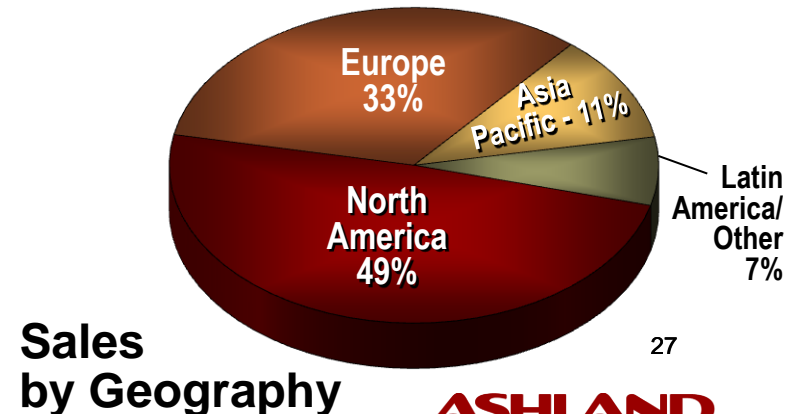
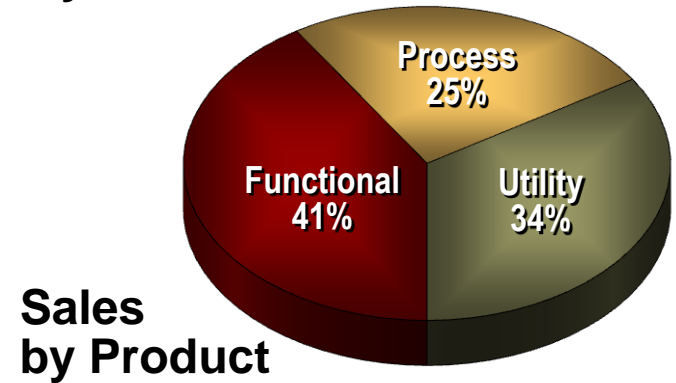
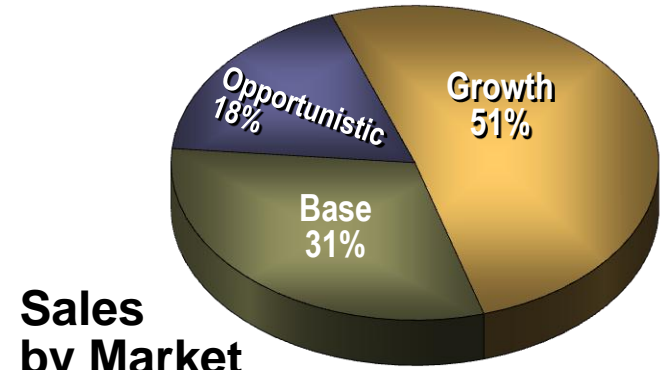
Ashland Hercules Water Technologies

A major global supplier of process and functional chemicals

Trailing 12 Months Ended March 31, 2011

Sales: \$1.8 billion
Adjusted EBITDA: \$180 million¹
Adjusted EBITDA Margin: 9.9%¹

Business Overview	
Customers/ Markets	<ul style="list-style-type: none"> • Growth <ul style="list-style-type: none"> - Commercial and institutional - Food and beverage - Mining <ul style="list-style-type: none"> - Packaging - Tissue and towel - Pulp • Base <ul style="list-style-type: none"> - Printing and writing - Specialty chemicals - General manufacturing • Opportunistic <ul style="list-style-type: none"> - Lubricants - Municipal <ul style="list-style-type: none"> - Basic chemicals/ other
Products/ Services	<ul style="list-style-type: none"> • Process chemicals: microbial and contaminant control, pulping aids, retention aids and defoamers • Utility water treatments • Functional chemicals: sizing/strength



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

Ashland Performance Materials

A global leader in specialty chemicals

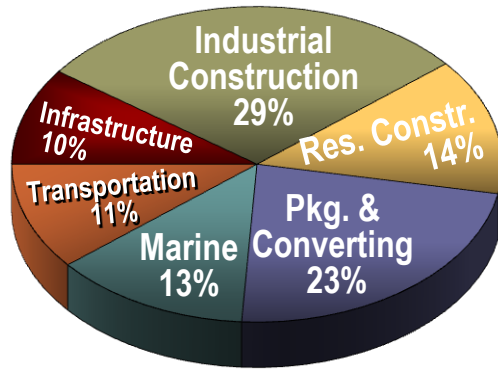
Trailing 12 Months Ended March 31, 2011

Sales: \$1.4 billion

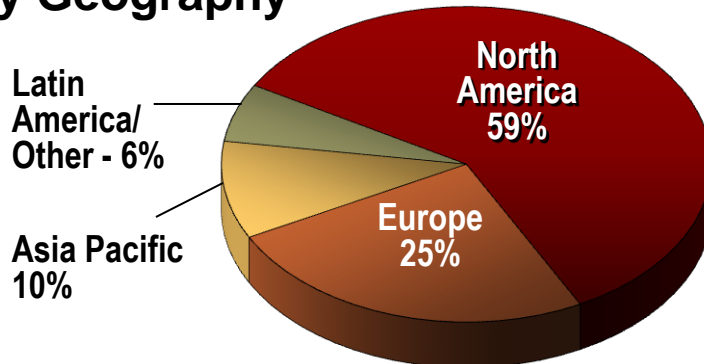
Adjusted EBITDA: \$96 million¹

Adjusted EBITDA Margin: 7.1%¹

Sales by Market²



Sales by Geography²



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

² Excludes sales from Casting Solutions.

³ Joint venture launched in December 2010. Ashland retains 50% interest.

Business Overview	
Customers	<ul style="list-style-type: none"> • Auto manufacturers; foundries; pipe and tank fabricators; packaging and converting; bathware, countertop and window lineal manufacturers; pipe relining contractors; boat builders; wide and narrow web printers
Products/Services	<ul style="list-style-type: none"> • Composites and Adhesives <ul style="list-style-type: none"> - Unsaturated polyester resins - Vinyl ester resins - Gelcoats - Pressure-sensitive adhesives - Structural adhesives - Specialty resins • Casting Solutions/ASK Chemicals³ <ul style="list-style-type: none"> - Foundry binder resins - Chemicals - Sleeves and filters - Design services
Markets	<ul style="list-style-type: none"> • Construction, packaging and converting, marine and transportation

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

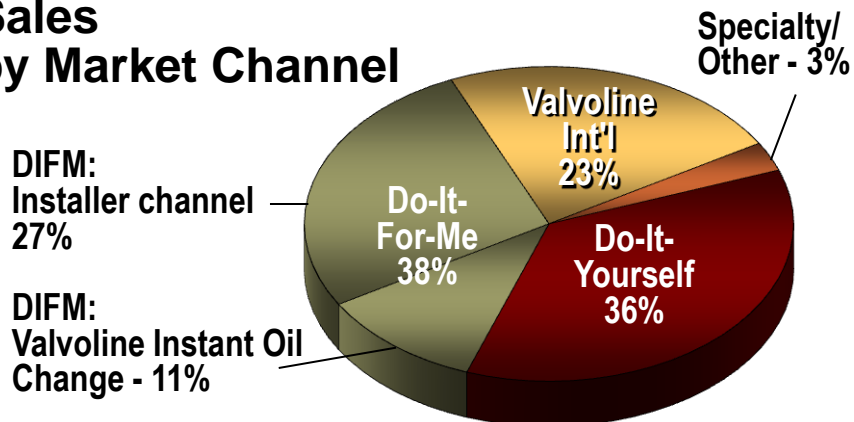
Trailing 12 Months Ended March 31, 2011

Sales: \$1.9 billion

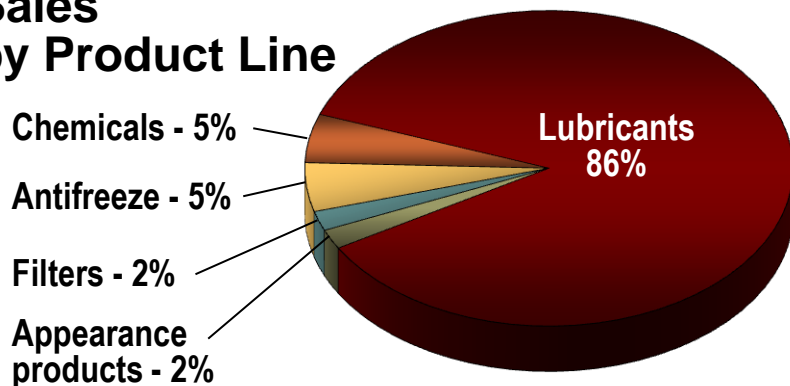
Adjusted EBITDA: \$288 million¹

Adjusted EBITDA Margin: 15.5%¹

Sales by Market Channel



Sales by Product Line



Business Overview

Customers

- Retail auto parts stores and mass merchandisers who sell to consumers
- Installers, such as car dealers and quick lubes; distributors
- Fleet owners; manufacturers and users of industrial and power generation equipment

Products/Services

- Valvoline™ lubricants and automotive chemicals
- MaxLife™ lubricants for high-mileage vehicles
- SynPower™ synthetic motor oil
- Eagle One™ and Car Brite™ appearance products
- Zerex™ antifreeze
- Valvoline Instant Oil Change™ service

Market Channels

- Do-It-Yourself (DIY)
- Do-It-For-Me (DIFM)
- Valvoline International

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

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Appendix B: Reclassifications and Regulation G Reconciliations

Ashland Inc. and Consolidated Subsidiaries

Reconciliation of Non-GAAP Data for the 12 Months Ended March 31, 2011

(\$ millions, except percentages)

Sales	Q2 11	Q1 11	Q4 10	Q3 10	Total	
Functional Ingredients	270	216	239	227	952	
Water Technologies	471	451	462	431	1,815	
Performance Materials	325	326	353	357	1,361	
Consumer Markets	491	440	462	463	1,856	
Total	1,557	1,433	1,516	1,478	5,984	

Adjusted EBITDA¹	Q2 11	Q1 11	Q4 10	Q3 10	Total	EBITDA Margin
Functional Ingredients	64	43	43	58	208	21.8%
Water Technologies	47	45	40	48	180	9.9%
Performance Materials	20	26	26	24	96	7.1%
Consumer Markets	71	74	61	82	288	15.5%
Unallocated	(10)	(13)	(8)	(6)	(37)	
Total	192	175	162	206	735	

¹ Calculation of adjusted EBITDA for each quarter has been reconciled within each quarterly earnings release filed with the SEC and posted on Ashland's website.

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