

Second-Quarter Fiscal 2012 Earnings

April 24, 2012



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Regulation G: Adjusted and Pro Forma Results

The information presented herein regarding certain unaudited adjusted and pro forma results does not conform to generally accepted accounting principles in the United States (U.S. GAAP) and should not be construed as an alternative to the reported results determined in accordance with U.S. GAAP. Management has included this non-GAAP and pro forma information to assist in understanding the operating performance of the company and its reporting segments. The non-GAAP and pro forma information provided may not be consistent with the methodologies used by other companies. All non-GAAP information related to previous Ashland filings with the SEC has been reconciled with reported U.S. GAAP results.

Highlights¹

- Reported EPS from continuing operations of \$1.13
 - Adjusted EPS of \$1.52 versus 97 cents in Q2 2011
- Sales of \$2.1 billion
 - 2% sales growth on pro forma basis versus Q2 2011
- Achieved adjusted operating income margin of approximately 11%
- Adjusted EBITDA of \$329 million
 - Compares with Q2 2011 adjusted pro forma EBITDA of \$322 million
- Another strong quarter from Ashland Specialty Ingredients
- Generated free cash flow of \$141 million

¹ Ashland's second-quarter earnings release dated April 24, 2012, available on Ashland's website at <http://investor.ashland.com>, reconciles adjusted amounts to amounts reported under GAAP.

Fiscal Second Quarter – Continuing Operations

Key Items Affecting Income

Preliminary 2012	Operating Income					Total		
	Ashland Specialty Ingredients	Ashland Water Technologies	Ashland Performance Materials	Ashland Consumer Markets	Unallocated and Other	Pretax	Aftertax	Earnings per Share
ISP inventory step-up	\$ (4)					\$ (4)	\$ (3)	\$ (0.03)
Integration and cost restructuring		\$ 2			\$ (24)	(22)	(12)	(0.16)
Discontinued planned facility					(16)	(16)	(16)	(0.20)
Total	\$ (4)	\$ 2			\$ (40)	\$ (42)	\$ (31)	\$ (0.39)
2011								
Accelerated depreciation			\$ (6)			\$ (6)	\$ (5)	\$ (0.06)
Actuarial gain on pension and OPEB					\$ 120	120	75	0.95
Accelerated amortization of debt-issuance costs						(12)	(7)	(0.09)
Discrete income tax effects							39	0.49
Total			\$ (6)		\$ 120	\$ 102	\$ 103	\$ 1.29

- Intangible amortization expense in March 2012 quarter of \$29 million
 - Excluding intangible amortization, adjusted EPS would have been \$1.77

Adjusted Pro Forma Results Summary¹

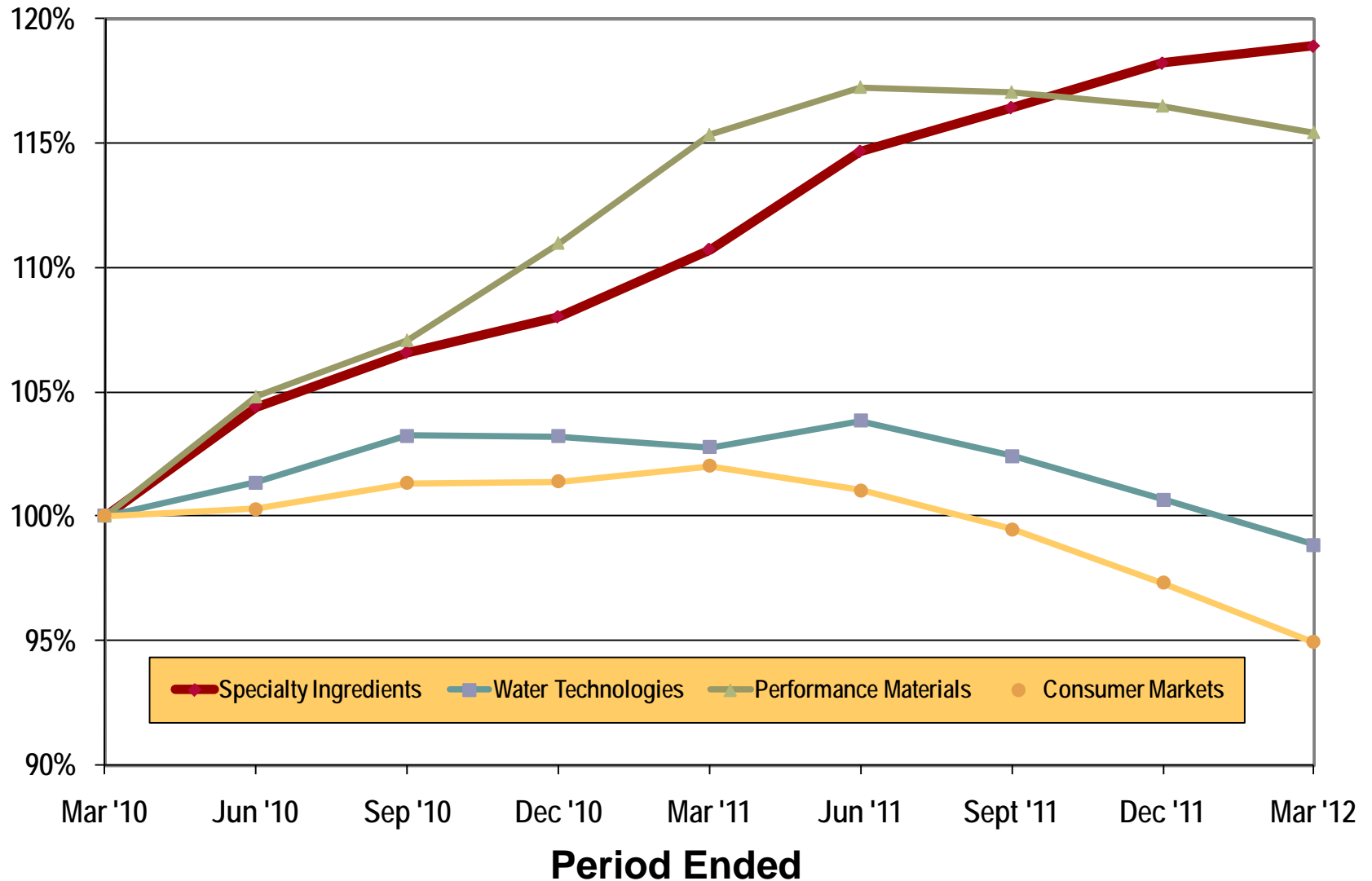
(\$ in millions) Preliminary	Fiscal Second Quarter			Three months ended	
	Three months ended March 31,			Dec. 31,	
	2012	2011	Change	2011	Change
Sales	\$ 2,079	\$ 2,036	2 %	\$ 1,930	8 %
Gross profit as a percent of sales	27.9 %	27.8 %	20 bp	28.3 %	(40) bp
Selling, general and admin./R&D costs	\$ 374	\$ 367	2 %	\$ 364	3 %
Operating income	\$ 221	\$ 213	4 %	\$ 197	12 %
Operating income as a percent of sales	10.6 %	10.5 %	10 bp	10.2 %	40 bp
Depreciation and amortization	\$ 107	\$ 109	(2) %	\$ 104	3 %
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 329	\$ 322	2 %	\$ 301	9 %
EBITDA as a percent of sales	15.8 %	15.8 %	- bp	15.6 %	20 bp

- Prior year includes ISP on a full-quarter, pro forma basis
- Consistent profitability despite increased raw material costs

¹ Ashland's earnings releases dated April 24, 2012, and Jan. 24, 2012 available on Ashland's website at <http://investor.ashland.com>, reconcile adjusted amounts to amounts reported under GAAP.

Normalized Volume Trends¹

Rolling Four Quarters

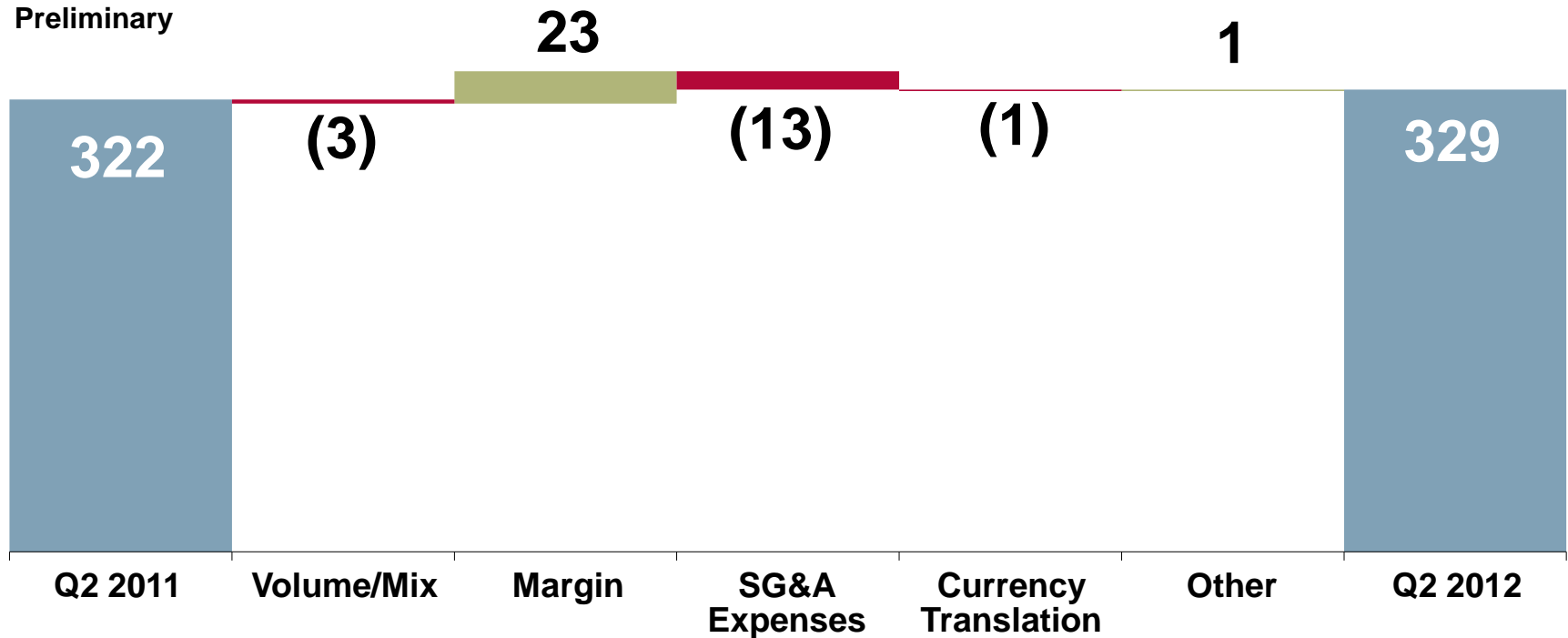


¹ Excludes volumes associated with Casting Solutions and divested Pinova, Hydrocolloids, Drew Marine, Lubes, and PVAC businesses for all periods. Includes volumes associated with ISP and Ara Quimica for all periods.

Q2 FY 2011 vs. Q2 FY 2012

Adjusted Pro Forma EBITDA Bridge

(\$ millions)
Preliminary



- Volume gains in Specialty Ingredients offset by other commercial units
- Margin improved within each commercial unit on a dollar basis

Liquidity and Net Debt

(\$ in millions)

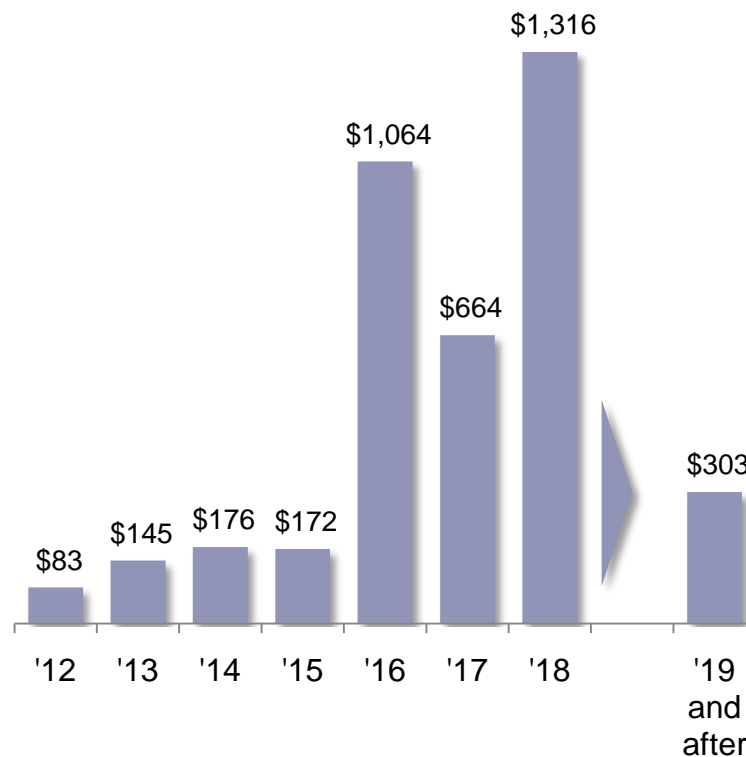
	At March 31, 2012
Liquidity	
Cash	\$ 599
Available revolver capacity	897
Liquidity	\$ 1,496

Debt	Expiration	Interest Rate	Moody's	S&P	At March 31, 2012
Revolver drawn ¹	08/2016	L+225	Baa3	BB	\$ -
Term Loan A	08/2016	L+225	Baa3	BB	1,463
Term Loan B	08/2018	L/Floor+275	Baa3	BB	1,393
9.125% senior notes ² , par \$650 million	06/2017	9.125%	Baa3	BB	634
6.5% debentures, par \$282 million	06/2029	6.50%	Ba2	B+	129
Other debt		Various			133
Total debt			Ba1/ Stable	BB/ Stable	\$ 3,752
Cash					\$ 599
Net debt (cash)					\$ 3,153

¹ \$1 billion facility, including ~\$103 million used for letters of credit

² Callable June 2013

Scheduled Debt Repayments by Fiscal Year



Ashland Consumer Markets

Adjusted Results Summary¹

(\$ in millions) Preliminary	Fiscal Second Quarter Three months ended March 31,			Three months ended Dec. 31,	
	2012	2011	Change	2011	Change
Lubricant gallons (in millions)	40.7	44.8	(9) %	36.7	11 %
Sales	\$ 520	\$ 491	6 %	\$ 475	9 %
Gross profit as a percent of sales	26.4 %	29.3 %	(290) bp	25.3 %	110 bp
Selling, general and admin./R&D costs	\$ 85	\$ 85	- %	\$ 79	8 %
Operating income	\$ 57	\$ 64	(11) %	\$ 47	21 %
Operating income as a percent of sales	11.0 %	13.0 %	(200) bp	9.9 %	110 bp
Depreciation and amortization	\$ 9	\$ 9	- %	\$ 9	- %
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 66	\$ 73	(10) %	\$ 56	18 %
EBITDA as a percent of sales	12.7 %	14.9 %	(220) bp	11.8 %	90 bp

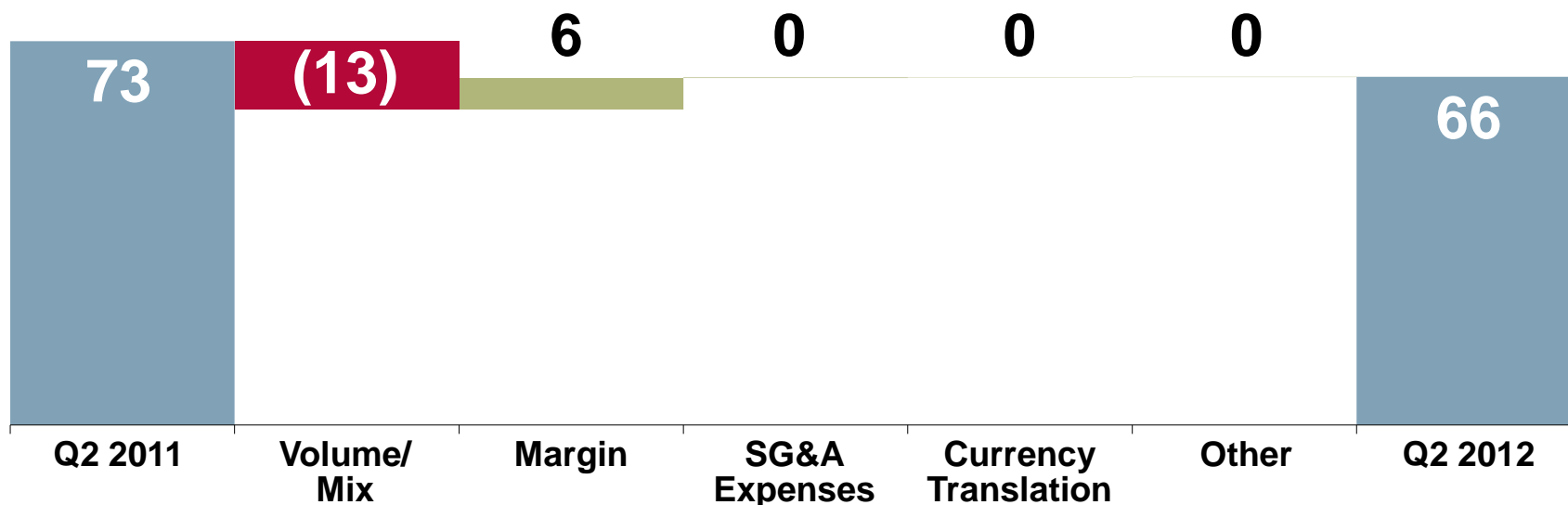
- Soft market conditions have continued in North America
- Higher trade promotion activity and lower DIY volumes negatively affected gross profit as a percent of sales

¹ Ashland's earnings releases dated April 24, 2012, and Jan. 24, 2012, available on Ashland's website at <http://investor.ashland.com>, reconcile adjusted amounts to amounts reported under GAAP.

Adjusted EBITDA Bridge

(\$ millions)
Preliminary

Q2 FY 2011 versus Q2 FY 2012



- Volume declines concentrated in North American Do-It-Yourself market channel
- Increased pricing has more than recovered higher raw material costs

Base Oil Movement and Action Plan

- Recent 24 cents per gallon increase in Group II base oils
- Group III base oils increasing by similar rate
- Estimate roughly \$3 million cost increase for third quarter
- Consumer Markets has already announced price increase of up to 5%
 - Anticipate three-month lag for full price implementation

Business Outlook

- Improving volumes heading into summer driving season
- VIOC business holding up well despite soft demand
 - Largest franchisee's entry into Southern California market through purchase of 72 EZ Lube stores earlier this year
- International remains strong as we focus on growth opportunities in selected markets
 - New Valvoline distribution agreement with TNK-BP in Russia

Adjusted Pro Forma Results Summary¹

(\$ in millions) Preliminary	Fiscal Second Quarter Three months ended March 31,			Three months ended Dec. 31,	
	2012	2011	Change	2011	Change
Metric tons sold (in thousands)	113.1	110.6	2 %	98.2	15 %
Sales	\$ 723	\$ 649	11 %	\$ 628	15 %
Gross profit as a percent of sales	33.5 %	33.0 %	50 bp	33.4 %	10 bp
Selling, general and admin./R&D costs	\$ 123	\$ 114	8 %	\$ 115	7 %
Operating income	\$ 119	\$ 101	18 %	\$ 96	24 %
Operating income as a percent of sales	16.5 %	15.6 %	90 bp	15.3 %	120 bp
Depreciation and amortization	\$ 67	\$ 65	3 %	\$ 64	5 %
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 186	\$ 166	12 %	\$ 160	16 %
EBITDA as a percent of sales	25.7 %	25.6 %	10 bp	25.5 %	20 bp

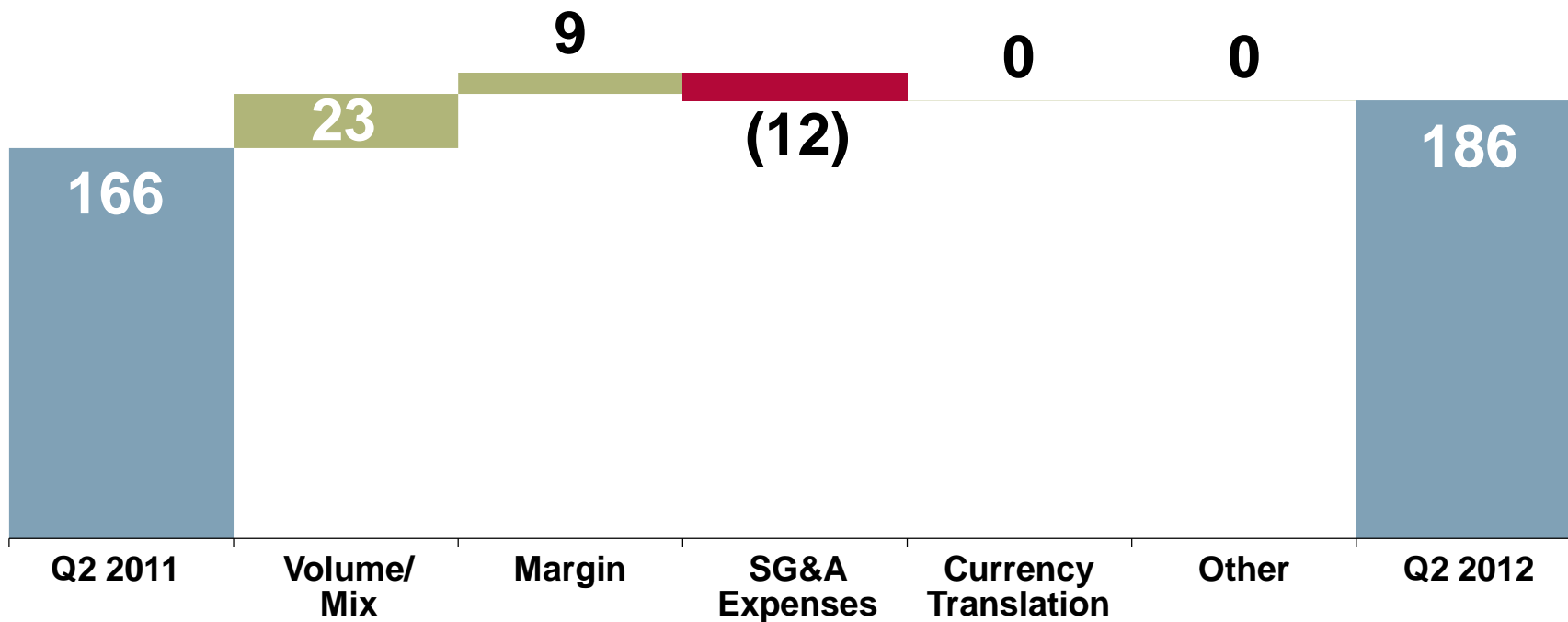
- Overall volume growth was reduced due to mix changes
- Pricing improved in all lines of business

¹ Ashland's earnings releases dated April 24, 2012, and Jan. 24, 2012, available on Ashland's website at <http://investor.ashland.com>, reconcile adjusted amounts to amounts reported under GAAP.

Adjusted Pro Forma EBITDA Bridge

(\$ millions)
Preliminary

Q2 FY 2011 versus Q2 FY 2012



- Improved volumes and mix drove EBITDA growth
- Strongest volume growth in construction and energy

Ashland Water Technologies

Adjusted Results Summary¹

(\$ in millions) Preliminary	Fiscal Second Quarter			Three months ended	
	Three months ended March 31,			Dec. 31,	
	2012	2011	Change	2011	Change
Sales	\$ 428	\$ 471	(9) %	\$ 449	(5) %
Gross profit as a percent of sales	32.1 %	31.3 %	80 bp	30.8 %	130 bp
Selling, general and admin./R&D costs	\$ 120	\$ 120	- %	\$ 117	3 %
Operating income	\$ 21	\$ 31	(32) %	\$ 21	- %
Operating income as a percent of sales	4.9 %	6.6 %	(170) bp	4.7 %	20 bp
Depreciation and amortization	\$ 18	\$ 20	(10) %	\$ 19	(5) %
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 39	\$ 51	(24) %	\$ 40	(3) %
EBITDA as a percent of sales	9.1 %	10.8 %	(170) bp	8.9 %	20 bp

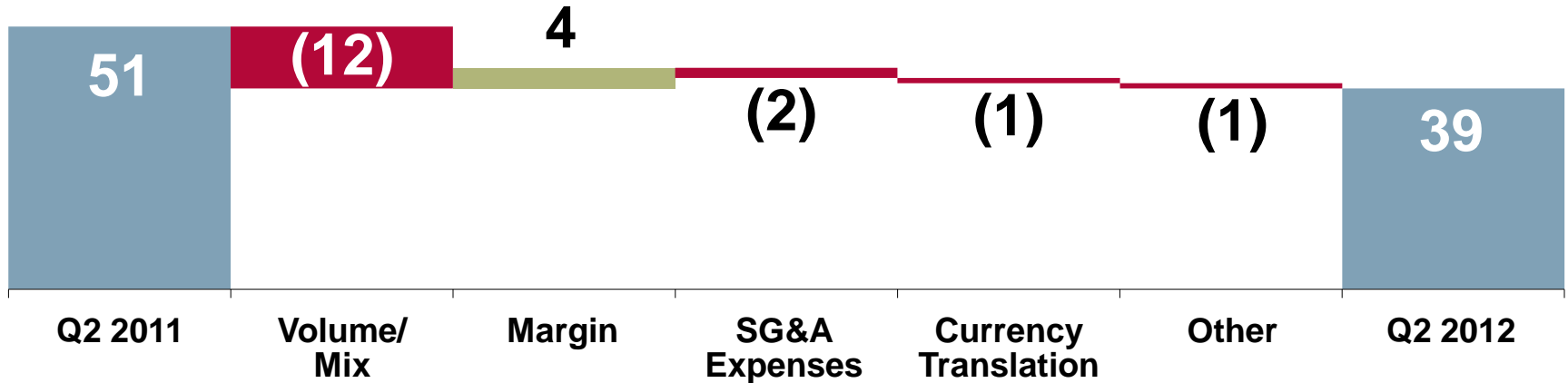
- Excluding recent business divestitures, sales were down 4% from prior-year quarter

¹ Ashland's earnings releases dated April 24, 2012, and Jan. 24, 2012, available on Ashland's website at <http://investor.ashland.com>, reconcile adjusted amounts to amounts reported under GAAP.

Adjusted EBITDA Bridge

(\$ millions)
Preliminary

Q2 FY 2011 versus Q2 FY 2012



- Lower volumes primary driver of EBITDA decline
- Pricing now ahead of costs, leading to improved margins

Ashland Performance Materials

Adjusted Pro Forma Results Summary¹

(\$ in millions) Preliminary	Fiscal Second Quarter Three months ended March 31,			Three months ended Dec. 31,	
	2012	2011	Change	2011	Change
Metric tons sold (in thousands)	140.5	167.1	(16) %	137.4	2 %
Sales	\$ 408	\$ 425	(4) %	\$ 378	8 %
Gross profit as a percent of sales	14.6 %	13.6 %	100 bp	19.2 %	(460) bp
Selling, general and admin./R&D costs	\$ 43	\$ 43	- %	\$ 45	(4) %
Operating income	\$ 22	\$ 18	22 %	\$ 33	(33) %
Operating income as a percent of sales	5.4 %	4.2 %	120 bp	8.7 %	(330) bp
Depreciation and amortization	\$ 13	\$ 14	(7) %	\$ 12	8 %
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 35	\$ 32	9 %	\$ 45	(22) %
EBITDA as a percent of sales	8.6 %	7.5 %	110 bp	11.9 %	(330) bp

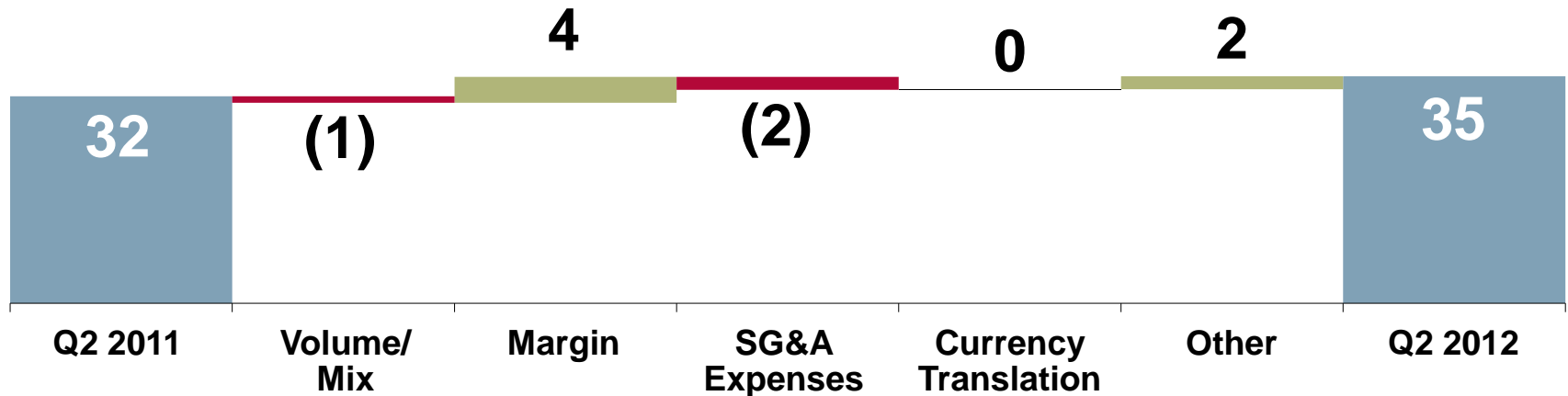
- Excluding Casting Solutions and recently sold PVAc business, volumes down 2% versus Q2 2011
- Increased butadiene costs led to sequential decline in profitability

¹ Ashland's earnings releases dated April 24, 2012, and Jan. 24, 2012, available on Ashland's website at <http://investor.ashland.com>, reconcile adjusted amounts to amounts reported under GAAP.

Adjusted Pro Forma EBITDA Bridge

(\$ millions)
Preliminary

Q2 FY 2011 versus Q2 FY 2012



- Increased margins in Adhesives and Composites drove EBITDA growth
- Effects of ASK Chemicals joint venture and divested PVAc business captured in Other

Cost-Reduction Program

- Targeting \$90 million of annualized savings
 - \$40 million of stranded and corporate costs
 - \$50 million of ISP acquisition synergies
- Achieved approximately \$65 million of run-rate savings at end of March quarter
 - All stranded costs now removed
 - \$25 million of ISP synergies achieved
- Remaining \$25 million of acquisition synergies by end of fiscal 2013

Corporate Items

- Capital expenditures of \$55 million
- Net interest expense of \$56 million
- Effective tax rate of 27%
 - Excludes key items
 - Now anticipate range of 28% - 30% tax rate for fiscal 2012
- Trade working capital¹ of 17.6% of annualized sales
- Free cash flow² generation of \$141 million

¹ Represents working capital associated with our commercial units.

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.

Performance Summary

- Solid performance during March 2012 quarter
 - Despite market weakness in certain commercial units
- Continued strong results from Specialty Ingredients
 - Represents 56% of Ashland's TTM EBITDA
- As compared with pro forma March 2011 quarter
 - Normalized volumes down 4%
 - Sales up 2%
 - EBITDA of \$329 million, up 2%
- EBITDA margins of approximately 16%
- Free cash flow generation of \$141 million

Outlook

- June quarter typically Ashland's strongest
 - Seasonal demand improvement expected for nearly all commercial units
- Continued progress on cost reduction program
 - Met our stated goal on stranded costs
 - ISP synergies being captured ahead of schedule
- Plan to build liquidity to call highest interest-rate debt

2014 Goals

- Performance to date reflects improved earnings power from transformation into specialty chemical company
- Focused on driving earnings through:
 - Organic volume growth
 - Margin improvement
 - Cost efficiencies
 - Strategic capital investment
- Remain confident in ability to deliver fiscal 2014 financial targets
 - EBITDA of \$1.7 billion
 - EPS of \$9.50 - \$10.50

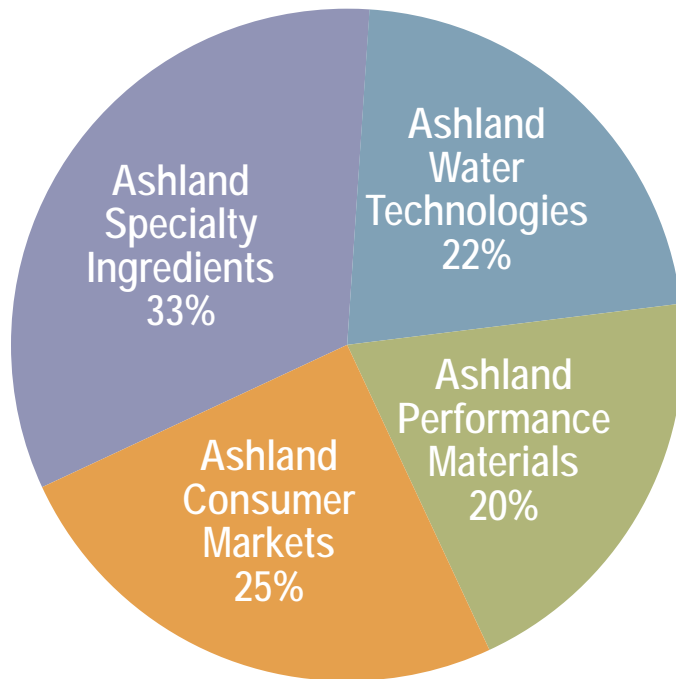


**Appendix A:
Business Profiles
12 Months Ended Mar. 31, 2012**

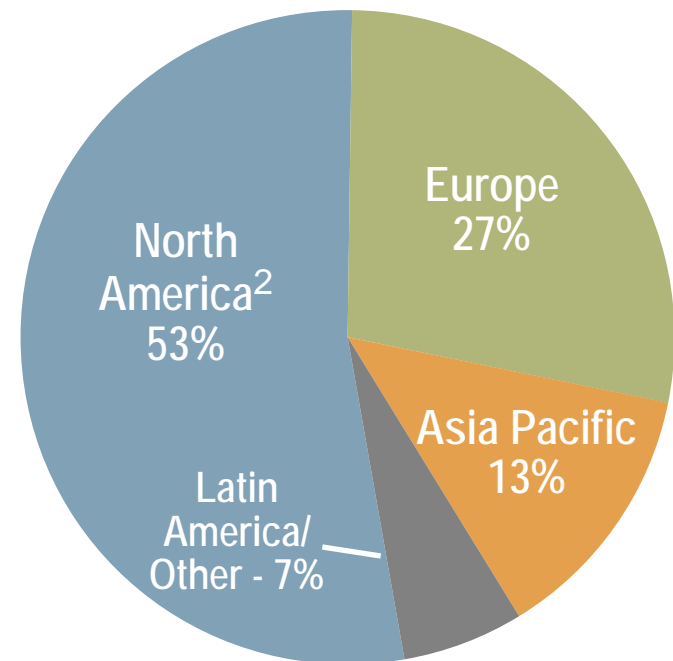
Corporate Profile

Pro Forma Sales¹ - \$8.3 Billion

By commercial unit



By geography

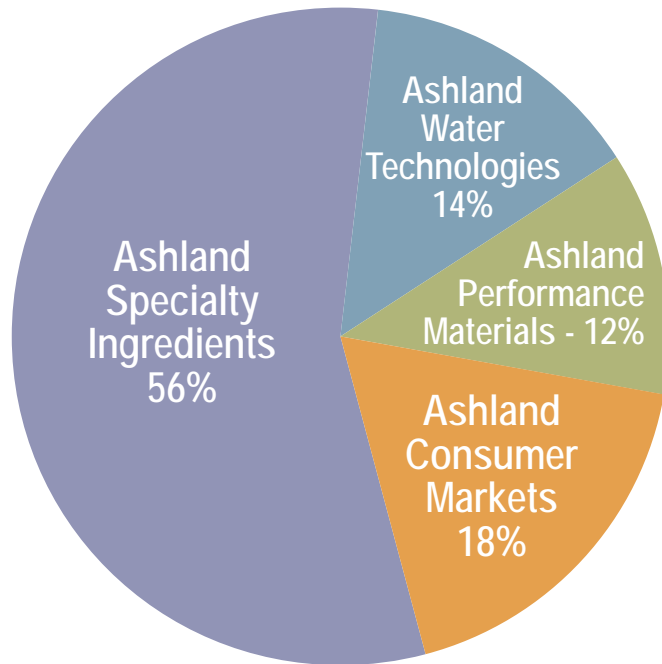


¹ For 12 months ended Mar. 31, 2012.

² Ashland includes only U.S. and Canada in its North America designation.

Corporate Profile

Pro Forma Adjusted EBITDA¹ - \$1.2 Billion



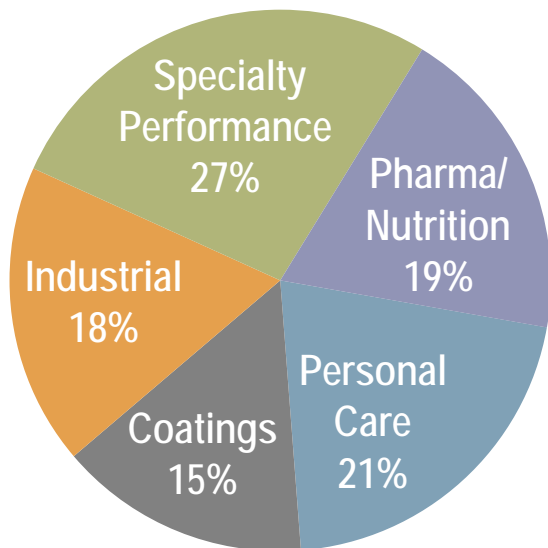
NYSE Ticker Symbol:	ASH
Total Employees:	~15,000
Outside North America	~45%
Number of Countries in Which Ashland Has Sales:	More than 100

¹ For 12 months ended Mar. 31, 2012. See Appendix B for reconciliation to amounts reported under GAAP.

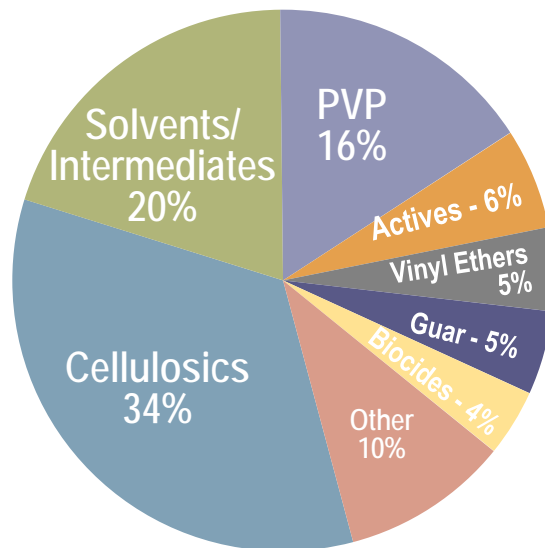
Ashland Specialty Ingredients

A global leader in water-soluble and film-forming polymers

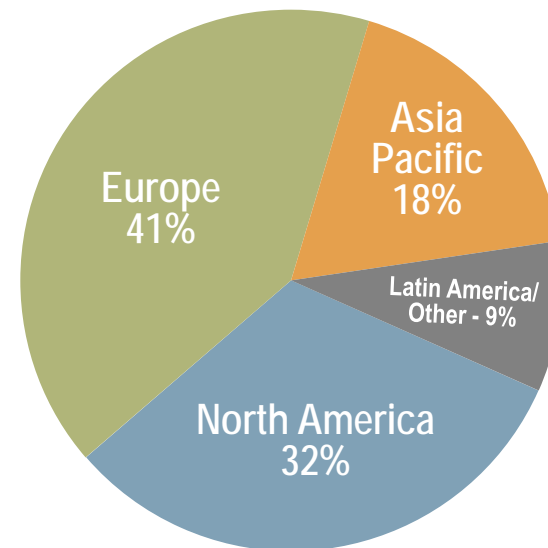
Sales
by Market



Sales
by Product



Sales
by Geography



Pro Forma for 12 Months Ended Mar. 31, 2012

Sales: \$2.7 billion

Adjusted EBITDA: \$675 million¹

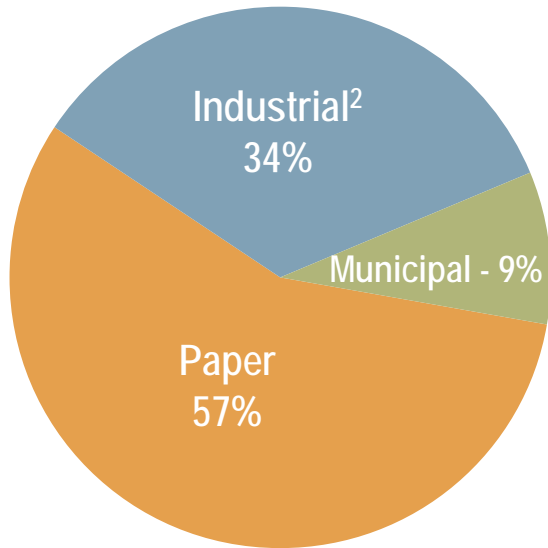
Adjusted EBITDA Margin: 24.9%¹

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

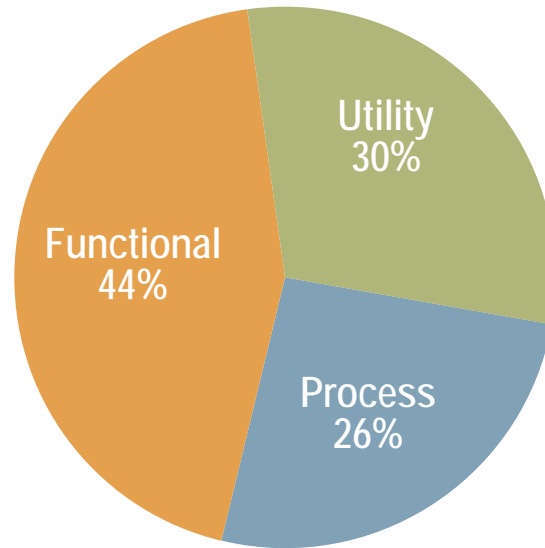
Ashland Water Technologies

Providing specialty chemicals and services to water-intensive industries

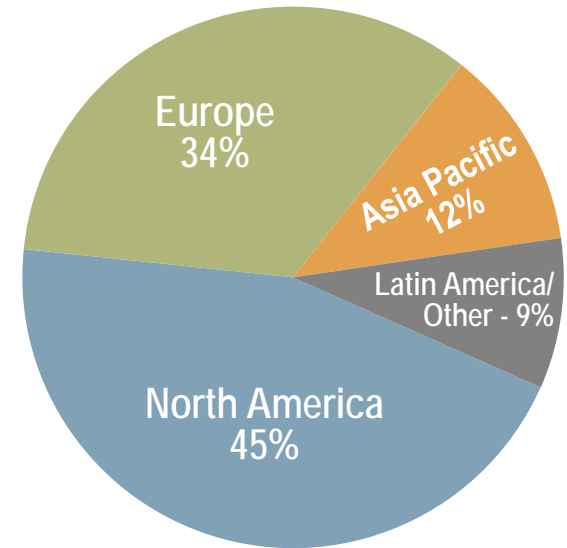
Sales
by Market



Sales
by Product



Sales
by Geography



For 12 Months Ended Mar. 31, 2012

Sales: \$1.9 billion

Adjusted EBITDA: \$174 million¹

Adjusted EBITDA Margin: 9.4%¹

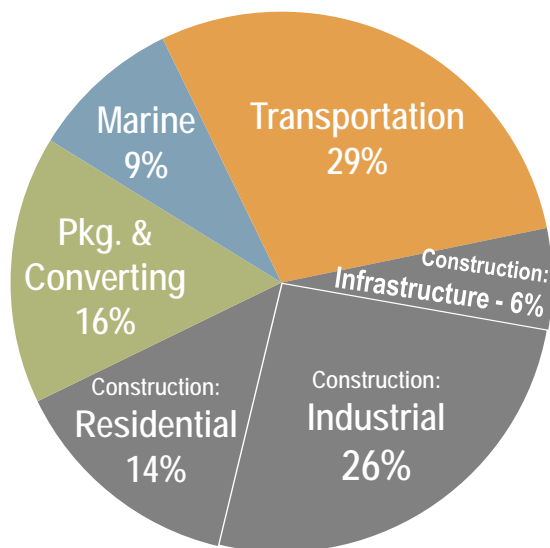
¹ See Appendix B for reconciliation to amounts reported under GAAP.

² Includes Pulp markets.

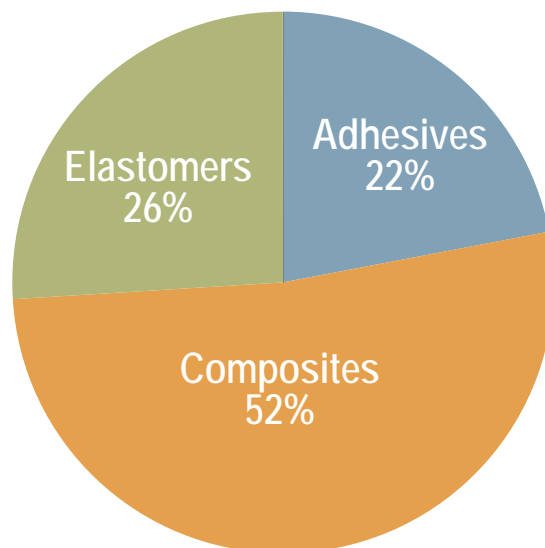
Ashland Performance Materials

Global leader in composite resins, specialty adhesives and elastomers

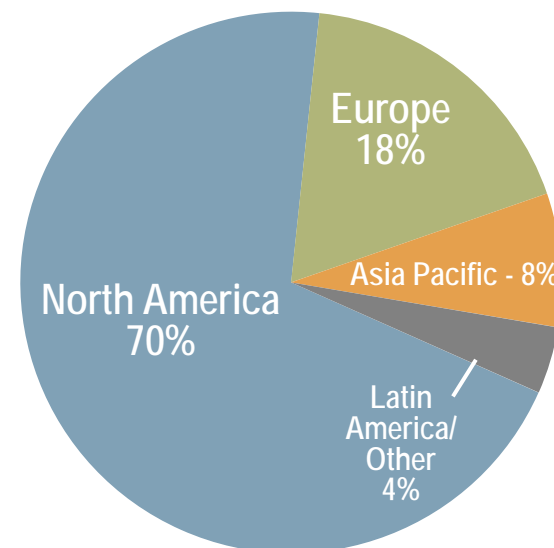
Sales
by Market²



Sales
by Product²



Sales
by Geography²



Pro Forma for 12 Months Ended Mar. 31, 2012

Sales: \$1.7 billion

Adjusted EBITDA¹: \$139 million

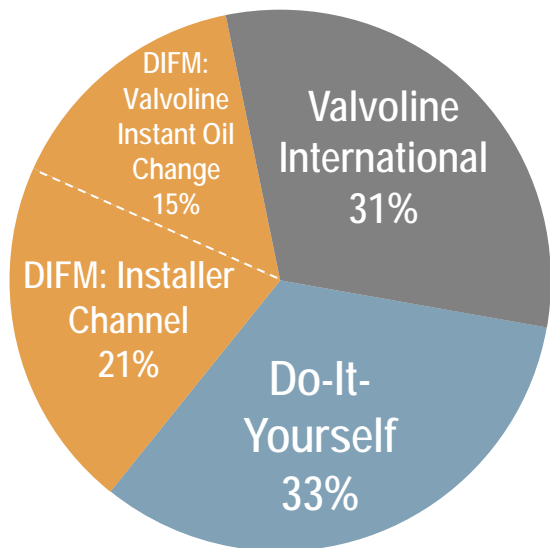
Adjusted EBITDA Margin¹: 8.2%

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

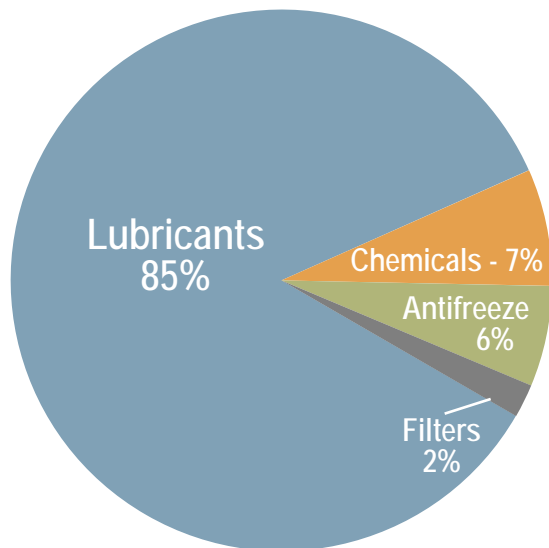
² Excludes sales from Casting Solutions.

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

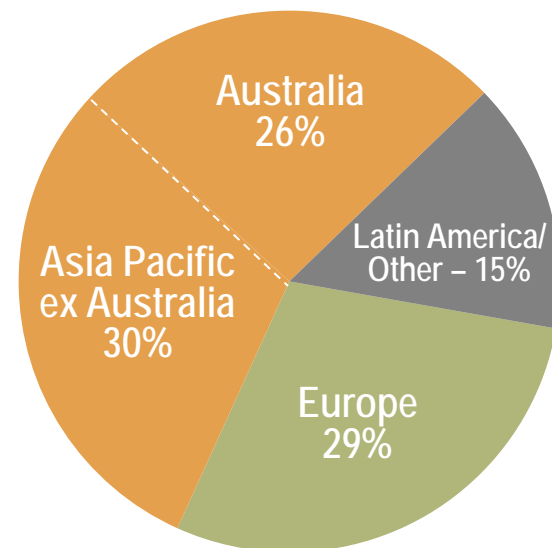
Sales by Market



Sales by Product



International Sales by Region²



For 12 Months Ended Mar. 31, 2012

Sales: \$2.0 billion¹
EBITDA: \$223 million¹
EBITDA Margin: 11.0%¹

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

² Includes nonconsolidated joint ventures.



Appendix B: Reclassifications and Regulation G Reconciliations

Ashland Inc. and Consolidated Subsidiaries

Reconciliation of Non-GAAP Data

for 12 Months Ended Mar. 31, 2012

(\$ millions, except percentages)

Sales	Q2 12	Q1 12	Q4 11	Q3 11	Total	
Specialty Ingredients	723	628	467	303	2,121	
Water Technologies	428	449	491	490	1,858	
Performance Materials	408	378	371	352	1,509	
Consumer Markets	520	475	517	522	2,034	
Total	2,079	1,930	1,846	1,667	7,522	
Pro Forma ISP Results	-	-	270	511	781	
Pro Forma Total	2,079	1,930	2,116	2,178	8,303	
						Adjusted EBITDA Margin
Adjusted EBITDA	Q2 12	Q1 12	Q4 11	Q3 11	Total	
Specialty Ingredients	186	160	114	75	535	25.2%
Water Technologies	39	40	50	45	174	9.4%
Performance Materials	35	45	24	24	128	8.5%
Consumer Markets	66	56	39	62	223	11.0%
Unallocated	3	-	(6)	(3)	(6)	
Total	329	301	221	203	1,054	
Pro Forma ISP Results	-	-	43	104	147	
Pro Forma Total	329	301	264	307	1,201	

¹ Calculation of adjusted EBITDA for Q2 12, Q1 12 and Q4 11 have been reconciled within each quarterly earnings release filed with the SEC and posted on Ashland's website. Calculation of adjusted EBITDA for Q3 11 has been reconciled within previous earnings release presentations posted on Ashland's website.

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