

	Three months ended September 30		Year ended September 30	
	2009	2008	2009	2008
SALES AND OPERATING REVENUES	\$ 2,113	\$ 2,216	\$ 8,106	\$ 8,381
COSTS AND EXPENSES				
Cost of sales and operating expenses (a)	1,601	1,898	6,317	7,056
Selling, general and administrative expenses (a)	365	297	1,341	1,118
Research and development expenses (b)	23	13	96	48
	<u>1,989</u>	<u>2,208</u>	<u>7,754</u>	<u>8,222</u>
EQUITY AND OTHER INCOME	9	20	38	54
OPERATING INCOME	133	28	390	213
Net gain (loss) on divestitures (c)	57	(3)	59	20
Net interest and other financing (expense) income	(60)	2	(205)	28
Other expenses (d)	-	-	(86)	-
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	130	27	158	261
Income tax expense	32	28	80	86
INCOME (LOSS) FROM CONTINUING OPERATIONS	98	(1)	78	175
Loss from discontinued operations (net of income taxes)	(5)	(9)	(7)	(8)
NET INCOME (LOSS)	<u>\$ 93</u>	<u>\$ (10)</u>	<u>\$ 71</u>	<u>\$ 167</u>
DILUTED EARNINGS PER SHARE				
Income (loss) from continuing operations	\$ 1.30	\$ (.01)	\$ 1.07	\$ 2.76
Loss from discontinued operations	(.08)	(.14)	(.11)	(.13)
Net income (loss)	<u>\$ 1.22</u>	<u>\$ (.15)</u>	<u>\$.96</u>	<u>\$ 2.63</u>
AVERAGE COMMON SHARES AND ASSUMED CONVERSIONS	76	63	73	64
SALES AND OPERATING REVENUES				
Functional Ingredients	\$ 237	\$ -	\$ 812	\$ -
Water Technologies	465	226	1,652	893
Performance Materials	268	427	1,106	1,621
Consumer Markets	414	454	1,650	1,662
Distribution	771	1,151	3,020	4,374
Intersegment sales	(42)	(42)	(134)	(169)
	<u>\$ 2,113</u>	<u>\$ 2,216</u>	<u>\$ 8,106</u>	<u>\$ 8,381</u>
OPERATING INCOME (LOSS)				
Functional Ingredients	\$ 22	\$ -	\$ 36	\$ -
Water Technologies	40	(6)	78	10
Performance Materials	(5)	2	1	52
Consumer Markets	72	13	252	83
Distribution	8	13	52	51
Unallocated and other	(4)	6	(29)	17
	<u>\$ 133</u>	<u>\$ 28</u>	<u>\$ 390</u>	<u>\$ 213</u>

- (a) The three months and year ended September 30, 2009 include \$4 million and \$17 million, respectively, within the cost of sales and operating expenses caption and \$19 million and \$58 million, respectively, within the selling, general and administrative expenses caption for restructuring charges related to the ongoing integration and reorganization from the Hercules Incorporated (Hercules) acquisition and other cost reduction programs. In addition, a charge of \$37 million for the year ended September 30, 2009 was recorded for a one-time fair value assessment of Hercules inventory as of the date of the transaction.
- (b) The year ended September 30, 2009 includes a \$10 million charge related to the original valuation of the ongoing research and development projects at Hercules as of the merger date. In accordance with applicable GAAP and SEC accounting regulations, these purchased in-process research and development costs were expensed as recognized.
- (c) For the three months and year ended September 30, 2009, Ashland recorded a gain of \$56 million related to the sale of its interest in Drew Marine, a division within Ashland Hercules Water Technologies. During 2005, Ashland transferred its 38% interest in Marathon Ashland Petroleum LLC (MAP) and two other businesses to Marathon Oil Corporation. The income for the year ended September 30, 2008 is primarily due to a \$23 million gain associated with a tax settlement agreement entered into with Marathon Oil Corporation, relating to four specific tax areas, that supplement the original Tax Matters Agreement from the initial MAP Transaction. The remaining gain (loss) in the periods presented reflects adjustments to the recorded MAP receivable for future estimated tax deductions related primarily to environmental and other postretirement reserves.
- (d) The year ended September 30, 2009 includes a \$54 million loss on currency swaps related to the Hercules acquisition and a \$32 million realized loss on auction rate securities, of which \$10 million relates to securities sold.

	September 30	
	<u>2009</u>	<u>2008</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 352	\$ 886
Accounts receivable	1,404	1,441
Inventories	554	476
Deferred income taxes	115	97
Other current assets	46	79
Current assets held for sale	<u>2</u>	<u>47</u>
	2,473	3,026
Investments and other noncurrent assets		
Auction rate securities	170	243
Goodwill	2,220	283
Intangibles	1,204	109
Asbestos insurance receivable (noncurrent portion)	510	428
Deferred income taxes	161	153
Other noncurrent assets	596	388
Noncurrent assets held for sale	<u>17</u>	<u>46</u>
	4,878	1,650
Property, plant and equipment		
Cost	3,493	2,271
Accumulated depreciation and amortization	<u>(1,397)</u>	<u>(1,176)</u>
	2,096	1,095
	<u>\$ 9,447</u>	<u>\$ 5,771</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Short-term debt	\$ 23	\$ -
Current portion of long-term debt	53	21
Trade payables	949	918
Accrued expenses and other liabilities	541	278
Current liabilities held for sale	<u>-</u>	<u>13</u>
	1,566	1,230
Noncurrent liabilities		
Long-term debt (noncurrent portion)	1,537	45
Employee benefit obligations	1,214	344
Asbestos litigation reserve (noncurrent portion)	956	522
Other noncurrent liabilities	<u>590</u>	<u>428</u>
	4,297	1,339
Stockholders' equity		
	<u>3,584</u>	<u>3,202</u>
	<u>\$ 9,447</u>	<u>\$ 5,771</u>

STATEMENTS OF CONSOLIDATED CASH FLOWS

(In millions - preliminary and unaudited)

	Year ended September 30	
	2009	2008
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES FROM CONTINUING OPERATIONS		
Net income	\$ 71	\$ 167
Loss from discontinued operations (net of income taxes)	7	8
Adjustments to reconcile income from continuing operations to cash flows from operating activities		
Depreciation and amortization	329	145
Debt issuance cost amortization	52	-
Purchased in-process research and development amortization	10	-
Deferred income taxes	12	44
Equity income from affiliates	(14)	(23)
Distributions from equity affiliates	15	13
Gain from the sale of property and equipment	(2)	(2)
Stock based compensation expense	9	12
Stock contributions to qualified savings plans	13	-
Net gain on divestitures	(59)	(20)
Inventory fair value adjustment	37	-
Loss on currency swaps related to Hercules acquisition	54	-
Loss on auction rate securities	32	-
Change in operating assets and liabilities (a)	461	134
	<u>1,027</u>	<u>478</u>
CASH FLOWS USED BY INVESTING ACTIVITIES FROM CONTINUING OPERATIONS		
Additions to property, plant and equipment	(174)	(205)
Proceeds from the disposal of property, plant and equipment	47	10
Purchase of operations - net of cash acquired	(2,080)	(129)
Proceeds from sale of operations	114	26
Settlement of currency swaps related to Hercules acquisition	(95)	-
Purchases of available-for-sale securities	-	(435)
Proceeds from sales and maturities of available-for-sale securities	73	315
	<u>(2,115)</u>	<u>(418)</u>
CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES FROM CONTINUING OPERATIONS		
Proceeds from issuance of long-term debt	2,628	-
Repayment of long-term debt	(1,862)	(5)
Proceeds from/repayments of issuance of short-term debt	(19)	-
Debt issuance costs	(162)	-
Cash dividends paid	(22)	(69)
Proceeds from the exercise of stock options	9	3
Excess tax benefits related to share-based payments	1	1
	<u>573</u>	<u>(70)</u>
CASH USED BY CONTINUING OPERATIONS		
Cash used by discontinued operations		
Operating cash flows	(2)	(8)
Effect of currency exchange rate changes on cash and cash equivalents	(17)	7
	<u>(534)</u>	<u>(11)</u>
DECREASE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents - beginning of year	886	897
CASH AND CASH EQUIVALENTS - END OF PERIOD	<u>\$ 352</u>	<u>\$ 886</u>
DEPRECIATION AND AMORTIZATION		
Functional Ingredients	\$ 101	\$ -
Water Technologies	94	29
Performance Materials	63	46
Consumer Markets	36	35
Distribution	28	28
Unallocated and other	7	7
	<u>\$ 329</u>	<u>\$ 145</u>
ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT		
Functional Ingredients	\$ 58	\$ -
Water Technologies	26	17
Performance Materials	27	48
Consumer Markets	33	42
Distribution	8	27
Unallocated and other	22	71
	<u>\$ 174</u>	<u>\$ 205</u>

(a) Excludes changes resulting from operations acquired or sold.

	Three months ended September 30		Year ended September 30	
	2009	2008	2009	2008
FUNCTIONAL INGREDIENTS (a) (b)				
Sales per shipping day	\$ 3.7	\$ -	\$ 3.7	\$ -
Metric tons sold	42.0	-	154.1	-
Gross profit as a percent of sales (c)	35.6%	-	26.7%	-
WATER TECHNOLOGIES (a) (b)				
Sales per shipping day	\$ 7.3	\$ 3.5	\$ 6.6	\$ 3.5
Gross profit as a percent of sales (c)	36.7%	32.9%	33.9%	36.7%
PERFORMANCE MATERIALS (a)				
Sales per shipping day	\$ 4.2	\$ 6.7	\$ 4.4	\$ 6.4
Pounds sold per shipping day	3.9	5.2	3.9	4.9
Gross profit as a percent of sales	16.0%	14.6%	17.0%	17.0%
CONSUMER MARKETS (a)				
Lubricant sales (gallons)	42.4	43.5	158.8	169.2
Premium lubricants (percent of U.S. branded volumes)	27.2%	26.1%	28.2%	24.9%
Gross profit as a percent of sales	35.5%	19.2%	32.0%	23.0%
DISTRIBUTION (a)				
Sales per shipping day	\$ 12.1	\$ 18.0	\$ 12.0	\$ 17.3
Pounds sold per shipping day	14.9	18.2	14.7	18.8
Gross profit as a percent of sales (d)	8.8%	8.1%	10.0%	7.8%

(a) Sales are defined as sales and operating revenues. Gross profit is defined as sales and operating revenues, less cost of sales and operating expenses.

(b) Industry segment results from November 14, 2008 forward include operations acquired from Hercules Incorporated.

(c) Year-to-date results were affected in Functional Ingredients and Water Technologies by \$30 million and \$7 million, respectively, due to a one-time fair value assessment of Hercules inventory.

(d) Distribution's gross profit as a percentage of sales for the three months ended September 30, 2009 and 2008 include a LIFO quantity credit of \$1 million and \$11 million, respectively, and \$15 million and \$16 million for the twelve months ended September 30, 2009 and 2008, respectively.

Three Months Ended September 30, 2009

	Functional Ingredients	Water Technologies	Performance Materials	Consumer Markets (Valvoline)	Distribution	Unallocated & Other	Total	After-tax EPS Impact
OPERATING INCOME								
Severance	\$ (9)	\$ (2)	\$ (5)	\$ -	\$ (1)	\$ (3)	\$ (20)	(0.17)
Self-insurance reserve adjustment	-	3	4	3	4	-	14	0.12
Accelerated depreciation	-	-	(3)	-	-	-	(3)	(0.03)
All other operating income	31	39	(1)	69	5	(1)	142	1.40
Operating income	22	40	(5)	72	8	(4)	133	1.32
NET GAIN ON DIVESTITURES								
Drew Marine divestiture						56	56	0.50
All other divestitures						1	1	-
						57	57	0.50
NET INTEREST AND OTHER FINANCING EXPENSE								
Fees and amortization related to debt retirements						(9)	(9)	(0.08)
All other net interest and other financing expense						(51)	(51)	(0.44)
						(60)	(60)	(0.52)
INCOME TAX EXPENSE								
Income tax on key items						(12)	(12)	
All other income tax expense						(20)	(20)	
						(32)	(32)	
INCOME FROM CONTINUING OPERATIONS	<u>\$ 22</u>	<u>\$ 40</u>	<u>\$ (5)</u>	<u>\$ 72</u>	<u>\$ 8</u>	<u>\$ (39)</u>	<u>\$ 98</u>	<u>1.30</u>

Three Months Ended September 30, 2008

	Functional Ingredients	Water Technologies	Performance Materials	Consumer Markets (Valvoline)	Distribution	Unallocated & Other	Total	After-tax EPS Impact
OPERATING INCOME								
Severance	\$ -	\$ (3)	\$ (4)	\$ -	\$ -	\$ -	\$ (7)	(0.07)
Self-insurance reserve adjustment	-	-	-	-	-	11	11	0.11
All other operating income	-	(3)	6	13	13	(5)	24	(0.07)
Operating income	-	(6)	2	13	13	6	28	(0.03)
NET GAIN ON DIVESTITURES								
						(3)	(3)	-
NET INTEREST AND OTHER FINANCING EXPENSE								
						2	2	0.02
INCOME TAX EXPENSE								
Income tax on key items						(2)	(2)	
All other income tax expense						(26)	(26)	
						(28)	(28)	
INCOME FROM CONTINUING OPERATIONS	<u>\$ -</u>	<u>\$ (6)</u>	<u>\$ 2</u>	<u>\$ 13</u>	<u>\$ 13</u>	<u>\$ (23)</u>	<u>\$ (1)</u>	<u>(0.01)</u>

RECONCILIATION OF NON GAAP DATA - EBITDA

(In millions - preliminary and unaudited)

RECONCILIATION OF 2009 FISCAL FOURTH QUARTER ADJUSTED PRO FORMA RESULTS			
(\$ millions, except percentages)			
Preliminary ASHLAND AQUALON FUNCTIONAL INGREDIENTS Three Months Ended September 30, 2009	Ashland GAAP Results	Eliminate Key Items (Table 5)	Adjusted Pro Forma Results
Sales and operating revenue	\$ 237		\$ 237
Cost of sales and operating expenses	153		153
Gross profit as a percent of sales	35.6%		35.6%
SG&A expenses (includes research and development)	62	\$ (9)	53
Equity and other income	-		-
Operating income	22	9	31
Operating income as a percent of sales	9.3%		13.1%
Depreciation and amortization	25		25
Earnings before interest, taxes, depreciation and amortization	\$ 47	\$ 9	\$ 56
EBITDA as a percent of sales	19.8%		23.6%
RECONCILIATION OF 2009 FISCAL FOURTH QUARTER ADJUSTED PRO FORMA RESULTS			
(\$ millions, except percentages)			
Preliminary ASHLAND HERCULES WATER TECHNOLOGIES Three Months Ended September 30, 2009	Ashland GAAP Results	Eliminate Key Items (Table 5)	Adjusted Pro Forma Results
Sales and operating revenue	\$ 465		\$ 465
Cost of sales and operating expenses	294		294
Gross profit as a percent of sales	36.7%		36.7%
SG&A expenses (includes research and development)	131	\$ 1	132
Equity and other income	-		-
Operating income	40	(1)	39
Operating income as a percent of sales	8.6%		8.4%
Depreciation and amortization	27		27
Earnings before interest, taxes, depreciation and amortization	\$ 67	\$ (1)	\$ 66
EBITDA as a percent of sales	14.4%		14.2%

RECONCILIATION OF NON GAAP DATA - EBITDA

(In millions - preliminary and unaudited)

RECONCILIATION OF 2009 FISCAL FOURTH QUARTER ADJUSTED PRO FORMA RESULTS			
(\$ millions, except percentages)			
Preliminary			
ASHLAND PERFORMANCE MATERIALS	Ashland GAAP	Eliminate Key Items	Adjusted Pro Forma
Three Months Ended September 30, 2009	Results	(Table 5)	Results
Sales and operating revenue	\$ 268		\$ 268
Cost of sales and operating expenses	225	\$ (4)	221
Gross profit as a percent of sales	16.0%		17.5%
SG&A expenses (includes research and development)	51		51
Equity and other income	3		3
Operating income	(5)	4	(1)
Operating income as a percent of sales	-1.9%		-0.4%
Depreciation and amortization	16	(3)	13
Earnings before interest, taxes, depreciation and amortization	\$ 11	\$ 1	\$ 12
EBITDA as a percent of sales	4.1%		4.5%
RECONCILIATION OF 2009 FISCAL FOURTH QUARTER ADJUSTED PRO FORMA RESULTS			
(\$ millions, except percentages)			
Preliminary			
ASHLAND CONSUMER MARKETS (Valvoline)	Ashland GAAP	Eliminate Key Items	Adjusted Pro Forma
Three Months Ended September 30, 2009	Results	(Table 5)	Results
Sales and operating revenue	\$ 414		\$ 414
Cost of sales and operating expenses	267		267
Gross profit as a percent of sales	35.5%		35.5%
SG&A expenses (includes research and development)	80	\$ 3	83
Equity and other income	5		5
Operating income	72	(3)	69
Operating income as a percent of sales	17.4%		16.7%
Depreciation and amortization	10		10
Earnings before interest, taxes, depreciation and amortization	\$ 82	\$ (3)	\$ 79
EBITDA as a percent of sales	19.8%		19.1%

RECONCILIATION OF NON GAAP DATA - EBITDA

(In millions - preliminary and unaudited)

RECONCILIATION OF 2009 FISCAL FOURTH QUARTER ADJUSTED PRO FORMA RESULTS			
(\$ millions, except percentages)			
Preliminary ASHLAND DISTRIBUTION Three Months Ended September 30, 2009	Ashland GAAP Results	Eliminate Key Items (Table 5)	Adjusted Pro Forma Results
Sales and operating revenue	\$ 771		\$ 771
Cost of sales and operating expenses	704		704
Gross profit as a percent of sales	8.8%		8.8%
SG&A expenses (includes research and development)	60	\$ 3	63
Equity and other income	1		1
Operating income	8	(3)	5
Operating income as a percent of sales	1.0%		0.6%
Depreciation and amortization	7		7
Earnings before interest, taxes, depreciation and amortization	\$ 15	\$ (3)	\$ 12
EBITDA as a percent of sales	1.9%		1.6%
RECONCILIATION OF 2009 FISCAL FOURTH QUARTER ADJUSTED PRO FORMA RESULTS			
(\$ millions, except percentages)			
Preliminary INTERSEGMENT SALES/ UNALLOCATED AND OTHER Three Months Ended September 30, 2009	Ashland GAAP Results	Eliminate Key Items (Table 5)	Adjusted Pro Forma Results
Sales and operating revenue	\$ (42)		\$ (42)
Cost of sales and operating expenses	(42)		(42)
SG&A expenses (includes research and development)	4	\$ (3)	1
Equity and other income	-		-
Operating income	(4)	3	(1)
Depreciation and amortization	-		-
Earnings before interest, taxes, depreciation and amortization	\$ (4)	\$ 3	\$ (1)

RECONCILIATION OF NON GAAP DATA - EBITDA

(In millions - preliminary and unaudited)

RECONCILIATION OF 2009 FISCAL FOURTH QUARTER ADJUSTED PRO FORMA RESULTS			
(\$ millions, except percentages)			
Preliminary ASHLAND INC. Three Months Ended September 30, 2009	Ashland GAAP Results	Eliminate Key Items (Table 5)	Adjusted Pro Forma Results
Sales and operating revenue	\$ 2,113		\$ 2,113
Cost of sales and operating expenses	1,601	\$ (4)	1,597
Gross profit as a percent of sales	24.2%		24.4%
SG&A expenses (includes research and development)	388	(5)	383
Equity and other income	9		9
Operating income	133	9	142
Operating income as a percent of sales	6.3%		6.7%
Depreciation and amortization	85	(3)	82
Earnings before interest, taxes, depreciation and amortization	\$ 218	\$ 6	\$ 224
EBITDA as a percent of sales	10.3%		10.6%

RECONCILIATION OF 2008 FISCAL FOURTH QUARTER ADJUSTED PRO FORMA RESULTS						
(\$ millions, except percentages)						
Preliminary ASHLAND AQUALON FUNCTIONAL INGREDIENTS Three Months Ended September 30, 2008	Ashland GAAP Results	Pro Forma Adjustments				Adjusted Pro Forma Results
		Hercules Ongoing Results (a)	Additional Purchase Accounting D&A	Conforming Adjustments	Eliminate Key Items (Table 5)	
Sales and operating revenue	\$ -	\$ 289				\$ 289
Cost of sales and operating expenses		194	\$ 1			195
Gross profit as a percent of sales		32.9%				32.5%
SG&A expenses (includes research and development)		38	10	\$ 4		52
Equity and other income		-		1		1
Operating income		57	(11)	(3)		43
Operating income as a percent of sales		19.7%				14.9%
Depreciation and amortization		12	11	1		24
Earnings before interest, taxes, depreciation and amortization	\$ -	\$ 69	\$ -	\$ (2)	\$ -	\$ 67
EBITDA as a percent of sales		23.9%				23.2%

(a) Certain nonrecurring, noncash or key items have been removed.

RECONCILIATION OF NON GAAP DATA - EBITDA

(In millions - preliminary and unaudited)

RECONCILIATION OF 2008 FISCAL FOURTH QUARTER ADJUSTED PRO FORMA RESULTS						
Preliminary ASHLAND HERCULES WATER TECHNOLOGIES Three Months Ended September 30, 2008	Pro Forma Adjustments					Adjusted Pro Forma Results
	Ashland GAAP Results	Hercules Ongoing Results (a)	Additional Purchase Accounting D&A	Conforming Adjustments	Eliminate Key Items (Table 5)	
Sales and operating revenue	\$ 226	\$ 317				\$ 543
Cost of sales and operating expenses	151	228	\$ 6			385
Gross profit as a percent of sales	32.9%	28.1%				29.1%
SG&A expenses (includes research and development)	81	65	5	\$ 4	\$ (3)	152
Equity and other income	-	-				-
Operating income	(6)	24	(11)	(4)	3	6
Operating income as a percent of sales	-2.7%	7.6%				1.1%
Depreciation and amortization	7	9	11	2		29
Earnings before interest, taxes, depreciation and amortization	\$ 1	\$ 33	\$ -	\$ (2)	\$ 3	\$ 35
EBITDA as a percent of sales	0.4%	10.4%				6.4%
RECONCILIATION OF 2008 FISCAL FOURTH QUARTER ADJUSTED PRO FORMA RESULTS						
Preliminary ASHLAND PERFORMANCE MATERIALS Three Months Ended September 30, 2008	Pro Forma Adjustments					Adjusted Pro Forma Results
	Ashland GAAP Results	Hercules Ongoing Results (a)	Additional Purchase Accounting D&A	Conforming Adjustments	Eliminate Key Items (Table 5)	
Sales and operating revenue	\$ 427					\$ 427
Cost of sales and operating expenses	365				\$ (1)	364
Gross profit as a percent of sales	14.6%					14.8%
SG&A expenses (includes research and development)	65				(3)	62
Equity and other income	5					5
Operating income	2				4	6
Operating income as a percent of sales	0.5%					1.4%
Depreciation and amortization	13			\$ 1		14
Earnings before interest, taxes, depreciation and amortization	\$ 15			\$ 1	\$ 4	\$ 20
EBITDA as a percent of sales	3.5%					4.7%

(a) Certain nonrecurring, noncash or key items have been removed.

RECONCILIATION OF NON GAAP DATA - EBITDA

(In millions - preliminary and unaudited)

RECONCILIATION OF 2008 FISCAL FOURTH QUARTER ADJUSTED PRO FORMA RESULTS						
Preliminary ASHLAND CONSUMER MARKETS (Valvoline) Three Months Ended September 30, 2008	Pro Forma Adjustments					Adjusted Pro Forma Results
	Ashland GAAP Results	Hercules Ongoing Results (a)	Additional Purchase Accounting D&A	Conforming Adjustments	Eliminate Key Items (Table 5)	
Sales and operating revenue	\$ 454					\$ 454
Cost of sales and operating expenses	366					366
Gross profit as a percent of sales	19.2%					19.2%
SG&A expenses (includes research and development)	78					78
Equity and other income	3					3
Operating income	13					13
Operating income as a percent of sales	2.9%					2.9%
Depreciation and amortization	8			\$ 1		9
Earnings before interest, taxes, depreciation and amortization	\$ 21			\$ 1		\$ 22
EBITDA as a percent of sales	4.6%					4.8%
RECONCILIATION OF 2008 FISCAL FOURTH QUARTER ADJUSTED PRO FORMA RESULTS						
Preliminary ASHLAND DISTRIBUTION Three Months Ended September 30, 2008	Pro Forma Adjustments					Adjusted Pro Forma Results
	Ashland GAAP Results	Hercules Ongoing Results (a)	Additional Purchase Accounting D&A	Conforming Adjustments	Eliminate Key Items (Table 5)	
Sales and operating revenue	\$ 1,151					\$ 1,151
Cost of sales and operating expenses	1,058					1,058
Gross profit as a percent of sales	8.1%					8.1%
SG&A expenses (includes research and development)	82					82
Equity and other income	2					2
Operating income	13					13
Operating income as a percent of sales	1.1%					1.1%
Depreciation and amortization	6			\$ 1		7
Earnings before interest, taxes, depreciation and amortization	\$ 19			\$ 1		\$ 20
EBITDA as a percent of sales	1.7%					1.7%

(a) Certain nonrecurring, noncash or key items have been removed.

RECONCILIATION OF NON GAAP DATA - EBITDA

(In millions - preliminary and unaudited)

RECONCILIATION OF 2008 FISCAL FOURTH QUARTER ADJUSTED PRO FORMA RESULTS						
(\$ millions, except percentages) Preliminary INTERSEGMENT SALES/ UNALLOCATED AND OTHER Three Months Ended September 30, 2008	Pro Forma Adjustments					Adjusted Pro Forma Results
	Ashland GAAP Results	Hercules Ongoing Results (a)	Additional Purchase Accounting D&A	Conforming Adjustments	Eliminate Key Items (Table 5)	
Sales and operating revenue	\$ (42)					\$ (42)
Cost of sales and operating expenses	(42)					(42)
SG&A expenses (includes research and development)	4	\$ 3		\$ (8)	\$ 11	10
Equity and other income	10	-		(1)		9
Operating income	6	(3)		7	(11)	(1)
Depreciation and amortization	6	-		(6)		-
Earnings before interest, taxes, depreciation and amortization	\$ 12	\$ (3)		\$ 1	\$ (11)	\$ (1)
RECONCILIATION OF 2008 FISCAL FOURTH QUARTER ADJUSTED PRO FORMA RESULTS						
(\$ millions, except percentages) Preliminary ASHLAND INC. Three Months Ended September 30, 2008	Pro Forma Adjustments					Adjusted Pro Forma Results
	Ashland GAAP Results	Hercules Ongoing Results (a)	Additional Purchase Accounting D&A	Conforming Adjustments	Eliminate Key Items (Table 5)	
Sales and operating revenue	\$ 2,216	\$ 606				\$ 2,822
Cost of sales and operating expenses	1,898	422	\$ 7		\$ (1)	2,326
Gross profit as a percent of sales	14.4%	30.4%				17.6%
SG&A expenses (includes research and development)	310	106	15	\$ -	5	436
Equity and other income	20	-		-		20
Operating income	28	78	(22)	-	(4)	80
Operating income as a percent of sales	1.3%	12.9%				2.8%
Depreciation and amortization	40	21	22	-		83
Earnings before interest, taxes, depreciation and amortization	\$ 68	\$ 99	\$ -	\$ -	\$ (4)	\$ 163
EBITDA as a percent of sales	3.1%	16.3%				5.8%

(a) Certain nonrecurring, noncash or key items have been removed.

RECONCILIATION OF NON GAAP DATA - FREE CASH FLOW

(In millions - preliminary and unaudited)

Three Months Ended September 30, 2009

Ashland GAAP results - Cash flows provided by operating activities from continuing operations	\$	378
Less:		
Capital expenditures		67
Shareholder dividends		6
Free cash flows	\$	<u>305</u>

Three Months Ended September 30, 2008

Ashland GAAP results - Cash flows provided by operating activities from continuing operations	\$	149
Less:		
Capital expenditures		87
Shareholder dividends		17
Free cash flows	\$	<u>45</u>