Second-Quarter Fiscal 2010 Earnings

April 27, 2010

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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; 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, 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.

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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 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 has been reconciled with reported GAAP results.

The unaudited adjusted results are presented for informational purposes only and do not reflect future events that may occur or any operating efficiencies or inefficiencies that may result. In addition, the preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of sales and expenses during the reporting period. These estimates and assumptions can be significantly different depending on changes to conform to Ashland policy.

Fiscal Second Quarter 2010

Highlights[1]

- Reported EPS from continuing operations of 25 cents per share
  - Adjusted EPS of $1.02 per share versus 85 cents in prior-year quarter
- Adjusted EBITDA of $224 million, 1% above Q2 FY 2009
- Generated $138 million free cash flow[2]
- Significant volume improvement both year-over-year and sequentially
- Sizeable raw material cost increases averaging around 7%
- Refinanced secured debt
  - Will achieve $50 million reduction in annual interest expense starting with June 2010 quarter

[1] Ashland's second-quarter earnings release dated April 27, 2010, 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.

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Fiscal Second Quarter

Key Items Affecting Income

($ millions, except EPS) Preliminary 2010	Pretax			Aftertax	
	Ashland Aqualon Functional Ingredients	Ashland Performance Materials	Unallocated and Other	Total	Earnings per Share
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)
2009					
Inventory fair value adjustment	$ (16)	$ -	$ -	$ (10)	$ (0.14)
Severance, asset impairments and accelerated depreciation	(1)	(5)	(5)	(7)	(0.10)
Currency gain on intracompany loan	-	-	5	3	0.04
Total	$ (17)	$ (5)	$ -	$ (14)	$ (0.20)

- Intangible amortization expense of $17 million in Q2 FY 2010 vs. $21 million in Q2 FY 2009
  - EPS impact of 14 cents and 18 cents, respectively

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Adjusted Results Summary[1]

($ in millions) Preliminary	Fiscal Second Quarter Three months ended March 31,			Three months ended Dec. 31,	
	2010	2009	Change	2009	Change
Sales	$ 2,248	$ 1,990	13 %	$ 2,020	11 %
Gross profit as a percent of sales	22.7 %	24.2 %	(150) bp	24.1 %	(140) bp
Selling, general and admin./R&D costs	$ 374	$ 352	6 %	$ 354	6 %
Operating income	$ 151	$ 134	13 %	$ 146	3 %
Operating income as a percent of sales	6.7 %	6.7 %	- bp	7.2 %	(50) bp
Depreciation and amortization	$ 73	$ 87	(16) %	$ 80	(9) %
Earnings before interest, taxes, depreciation and amortization (EBITDA)	$ 224	$ 221	1 %	$ 226	(1) %
EBITDA as a percent of sales	10.0 %	11.1 %	(110) bp	11.2 %	(120) bp

- Higher volumes and operating leverage offset significant raw material cost increases

[1] Ashland's earnings releases, dated April 27 and Jan. 28, 2010, available on Ashland's website at http://investor.ashland.com, reconcile these adjusted amounts to amounts reported under GAAP.

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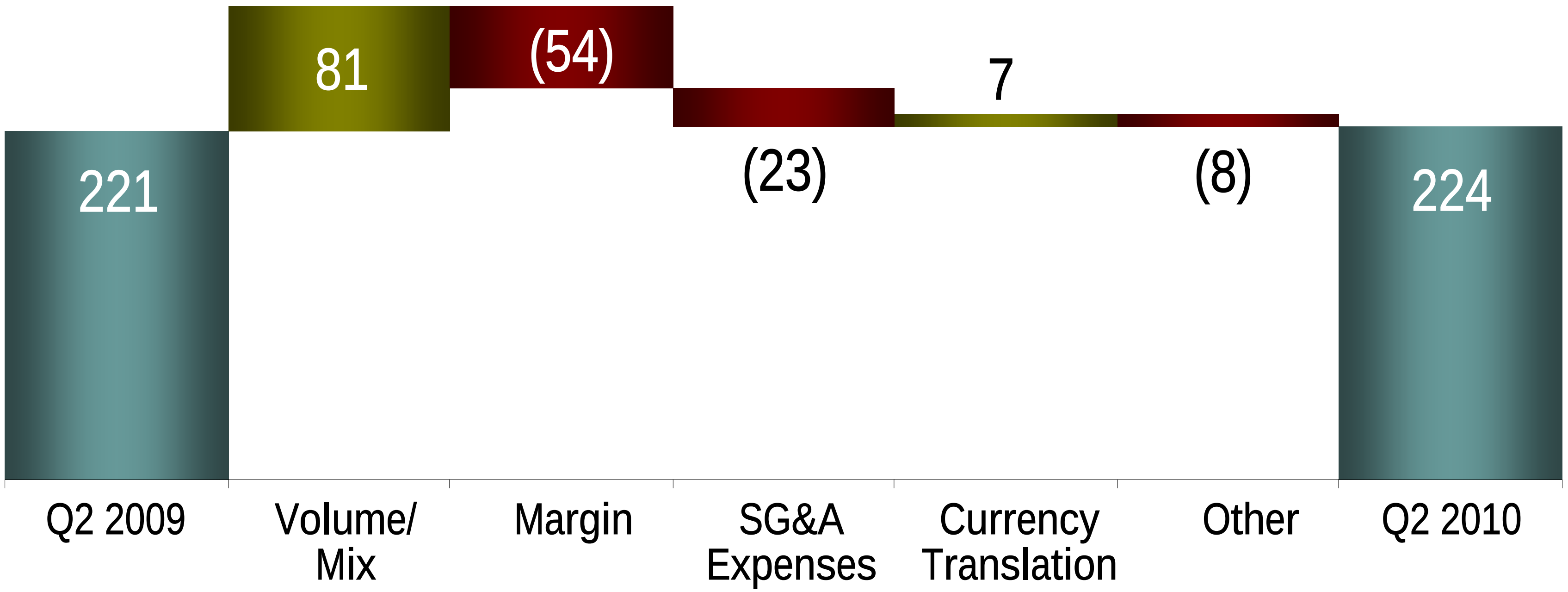
Q2 FY 2009 vs. Q2 FY 2010
Factors Impacting Adjusted EBITDA

($ millions)
Preliminary



- Significantly improved volumes on a comparable basis in all businesses
- Margin compression reflects rising raw material costs
  - – Typical lag in implementing price increases

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Fiscal Second Quarter 2010

Raw Material Cost Recovery

	Ashland Aqualon Functional Ingredients	Ashland Hercules Water Technologies	Ashland Performance Materials	Ashland Consumer Markets (Valvoline)	Ashland Distribution
Key Announced Raw Material Cost Increases	Ethylene Oxide: 39%	Epichlorohydrin: 5% – 10%	Styrene: 23% Diethylene Glycol: 47%	Base Lube Oils: 16% Additives: 5% – 8%	Polypropylene: 22% Isopropyl Alcohol: 20%

- Combined raw-material cost increases averaging approximately 7 percent during the quarter
- Expect to fully recover cost increases, once raw material costs stabilize

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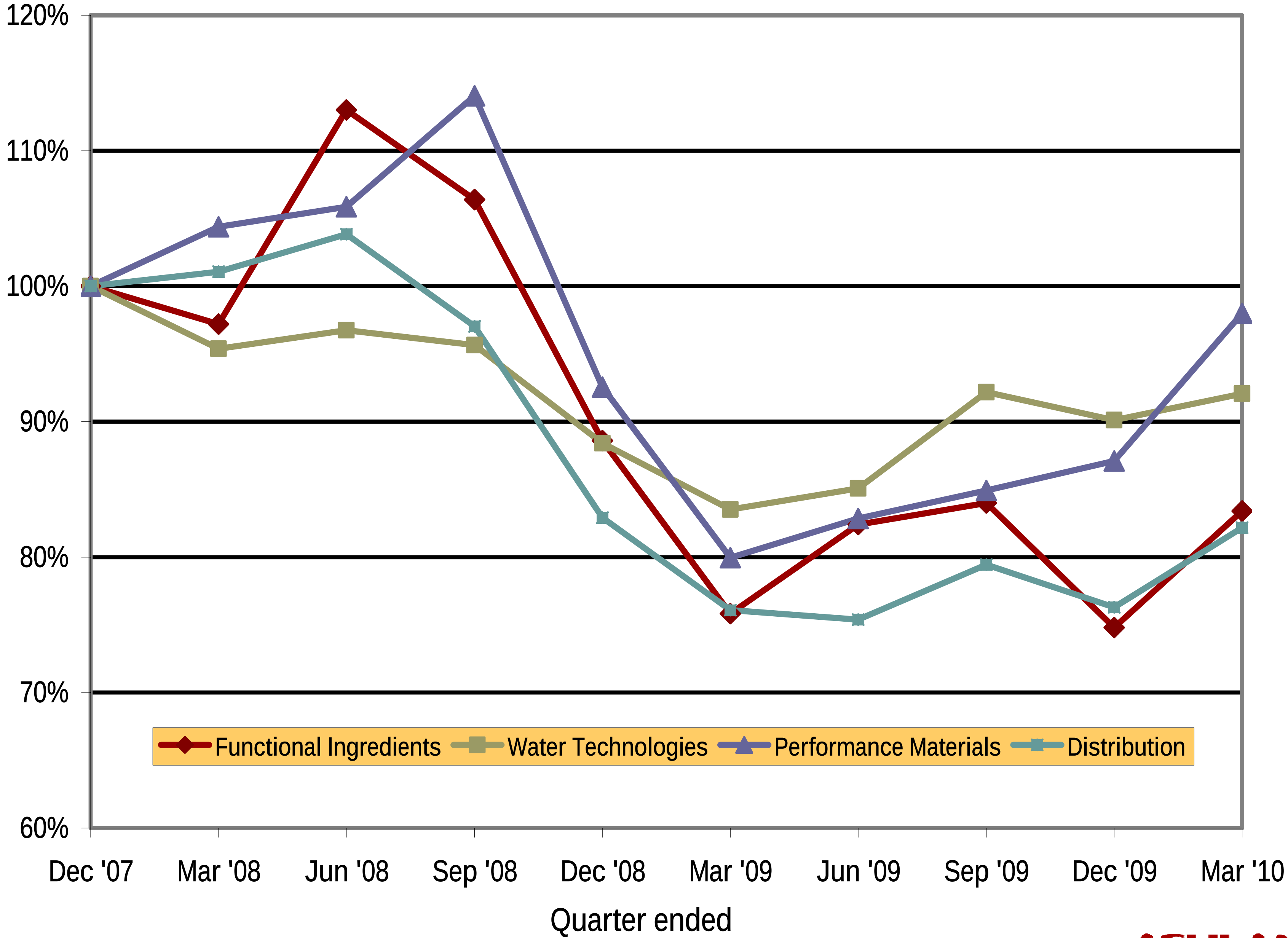
Recent Volume Trends



Net Debt

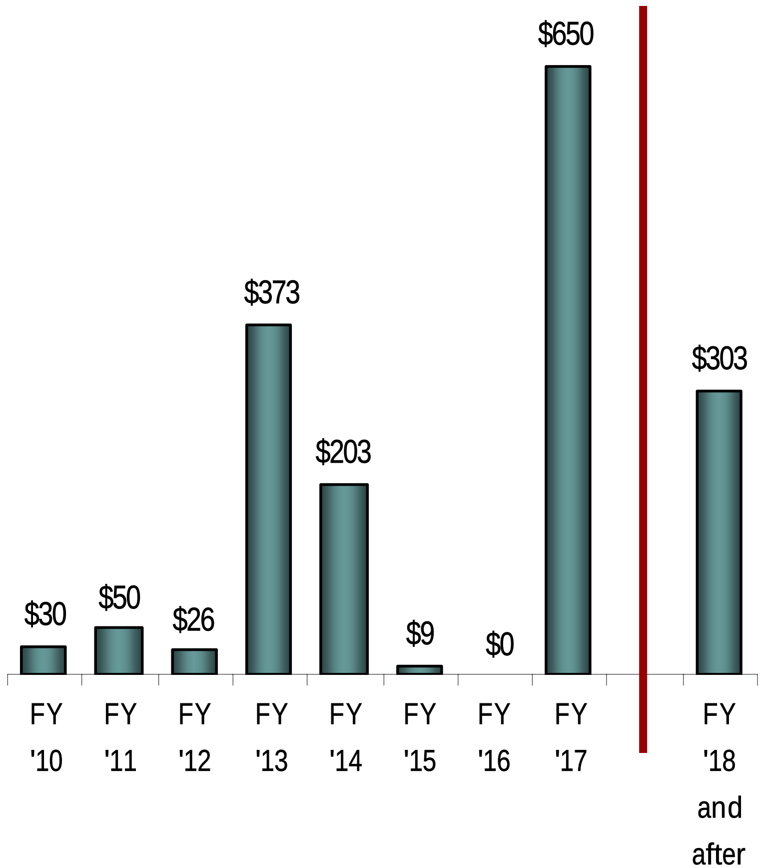
($ millions)

	Expiration	Interest Rate	Moody's	S&P	At March 31, 2010
Revolver drawn[1]	3/2014	L+275	Baa2	BBB	$ -
A/R securitization[2]	3/2013	CP/L+150			300
Term Loan A[3]	3/2014	L+275	Baa2	BBB	300
9.125% senior notes[4], par $650 million	06/2017	9.125%	Ba1	BB	629
6.5% debentures, par $282 million	06/2029	6.50%	Ba2	BB-	125
Other debt		Various			109
Total debt			Ba1/ Stable	BB+ / Stable	$ 1,463
Cash (excludes auction rate securities[5])					$ 499
Net debt					$ 964

[1] $550 million facility, including ~$119 million used for letters of credit.
[2] $350 million facility
[3] $300 million facility
[4] Includes four-year, no-call provision.
[5] Excludes auction rate securities with book value of $86 million.

Liquidity	At March 31, 2010
Cash	$ 499
Available revolver capacity	431
Available A/R securitization	7
Liquidity	$ 937

Scheduled Debt Repayments by Fiscal Year



Benefits of Refinancing and Improved Credit Statistics

- Interest expense savings[1] of $50 million a year
  - Weighted average interest expense of 7.8%
- Cash interest cost savings[1] of $40 million a year
  - Weighted average cash interest cost of 6.9%
- No significant maturities until FY 2013
- Corporate credit rating upgrades in March 2010
  - S&P from BB to BB+/neutral
  - Moody's from Ba2 to Ba1/neutral

[1] Assumes LIBOR as of March 31, 2010.

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Ashland Hercules Water Technologies

A major global supplier of process, utility and functional chemicals

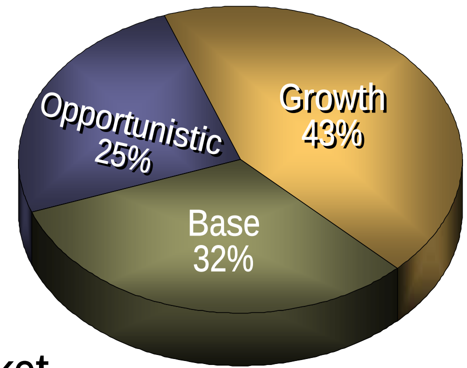
<u>For the Fiscal Year Ended Sept. 30, 2009</u>

Adjusted Sales: $1.8 billion

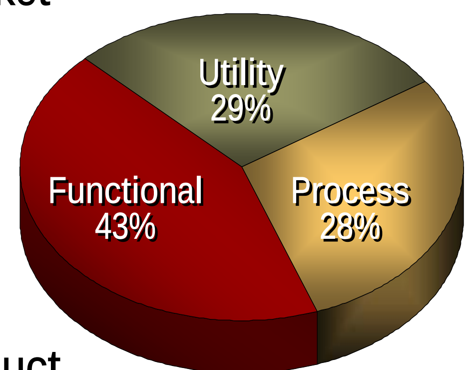
Adjusted EBITDA: $198 million

Adjusted EBITDA Margin: 11.0%

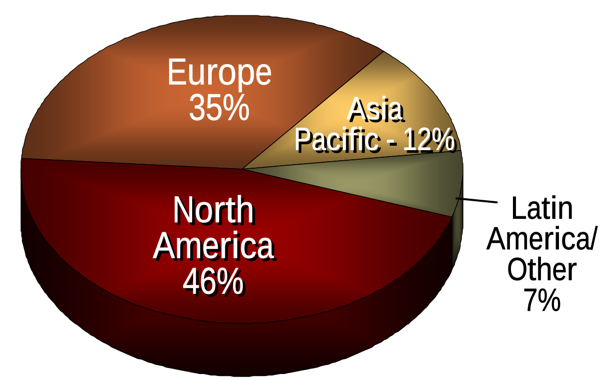
Business Overview	
Customers/ Markets	• Growth - Commercial and institutional - Food and beverage - Mining - Packaging - Tissue and towel - Pulp • Base - Printing and writing - Specialty chemicals - General manufacturing • Opportunistic - Lubricants - Municipal - Marine*/Other * Divested 08/31/09
Products/ Services	• Process chemicals: microbial and contaminant control, pulping aids, retention aids and defoamers • Utility water treatments • Functional chemicals: sizing/strength



Sales by Market



Sales by Product



Sales by Geography

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Ashland Hercules Water Technologies
Growth Strategy

- Focus on attractive subsets within targeted growth markets, such as tissue and towel, and geographies, such as China
- Use platform launch process to accelerate new product introduction
  - Broadens range of products
  - Supports improved product mix
- Build local capabilities in emerging geographies
  - Expand existing channel to market
  - Add technical service capabilities

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Ashland Hercules Water Technologies
Business Status

- Successful launch of StreamLink
  - Innovative, focused-service channel
  - Comparable sales growth of 10% year-to-date
- Enhanced capability across R&D organization
  - Supports growth in targeted markets
- Sustained improved financial results
  - New baseline level of performance
  - Targeted midcycle EBITDA margin of 16% to 18%

Ashland Hercules Water Technologies

Results Summary

($ in millions) Preliminary	Fiscal Second Quarter Three months ended March 31, 2010	Fiscal Second Quarter Three months ended March 31, 2009	Change	Three months ended Dec. 31, 2009	Change
Sales	$ 449	$ 433	4 %	$ 443	1 %
Gross profit as a percent of sales	34.5 %	32.6 %	190 bp	36.6 %	(210) bp
Selling, general and admin./R&D costs	$ 125	$ 129	(3) %	$ 123	2 %
Operating income	$ 31	$ 13	138 %	$ 39	(21) %
Operating income as a percent of sales	6.9 %	3.0 %	390 bp	8.8 %	(190) bp
Depreciation and amortization	$ 21	$ 25	(16) %	$ 24	(13) %
Earnings before interest, taxes, depreciation and amortization (EBITDA)	$ 52	$ 38	37 %	$ 63	(17) %
EBITDA as a percent of sales	11.6 %	8.8 %	280 bp	14.2 %	(260) bp

- Sold Drew Marine business effective Aug. 31, 2009
- Sales to Growth markets increased 16% over year-ago quarter
- Selling price increases lagged raw material cost escalation during quarter

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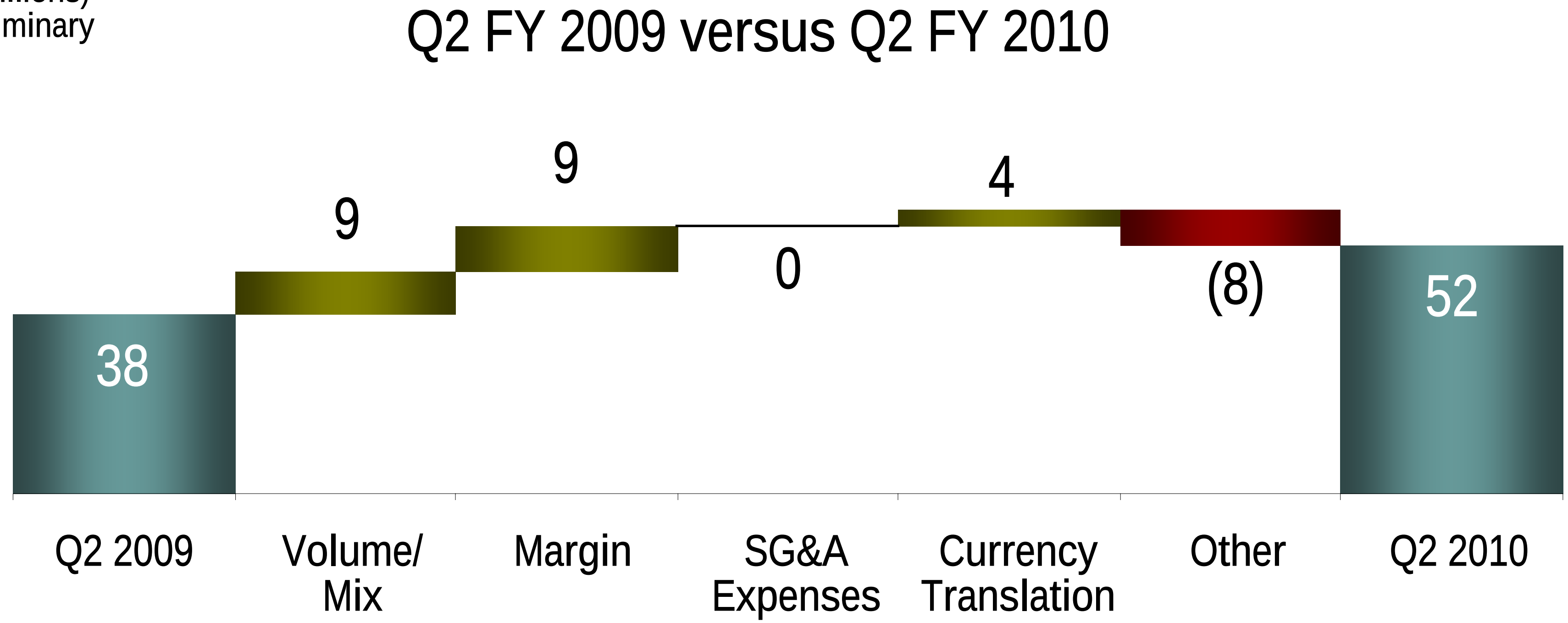
Ashland Hercules Water Technologies
Factors Impacting EBITDA

($ millions)
Preliminary



- Sales up significantly in all regions on a comparable basis
- Gross profit percentage improvement due to lower manufacturing costs and raw materials below year-ago levels

Ashland Aqualon Functional Ingredients

Adjusted Results[1] Summary

($ in millions) Preliminary	Fiscal Second Quarter Three months ended March 31, 2010	2009	Change	Three months ended Dec. 31, 2009	Change
Metric tons sold (in thousands)	41.9	46.4	(10) %	37.4	12 %
Sales	$ 240	$ 223	8 %	$ 210	14 %
Gross profit as a percent of sales	34.9 %	29.6 %	530 bp	33.7 %	120 bp
Selling, general and admin./R&D costs	$ 50	$ 51	(2) %	$ 44	14 %
Operating income	$ 34	$ 14	143 %	$ 27	26 %
Operating income as a percent of sales	14.2 %	6.3 %	790 bp	12.9 %	130 bp
Depreciation and amortization	$ 24	$ 33	(27) %	$ 27	(11) %
Earnings before interest, taxes, depreciation and amortization (EBITDA)	$ 58	$ 47	23 %	$ 54	7 %
EBITDA as a percent of sales	24.2 %	21.1 %	310 bp	25.7 %	(150) bp

- Volume increase of 36% excluding Pinova business sold in January and oilfield services contract
- New product sales represent 21% of total

[1] Ashland's earnings releases, dated April 27 and Jan. 28, 2010, available on Ashland's website at http://investor.ashland.com, reconcile these adjusted amounts to amounts reported under GAAP.

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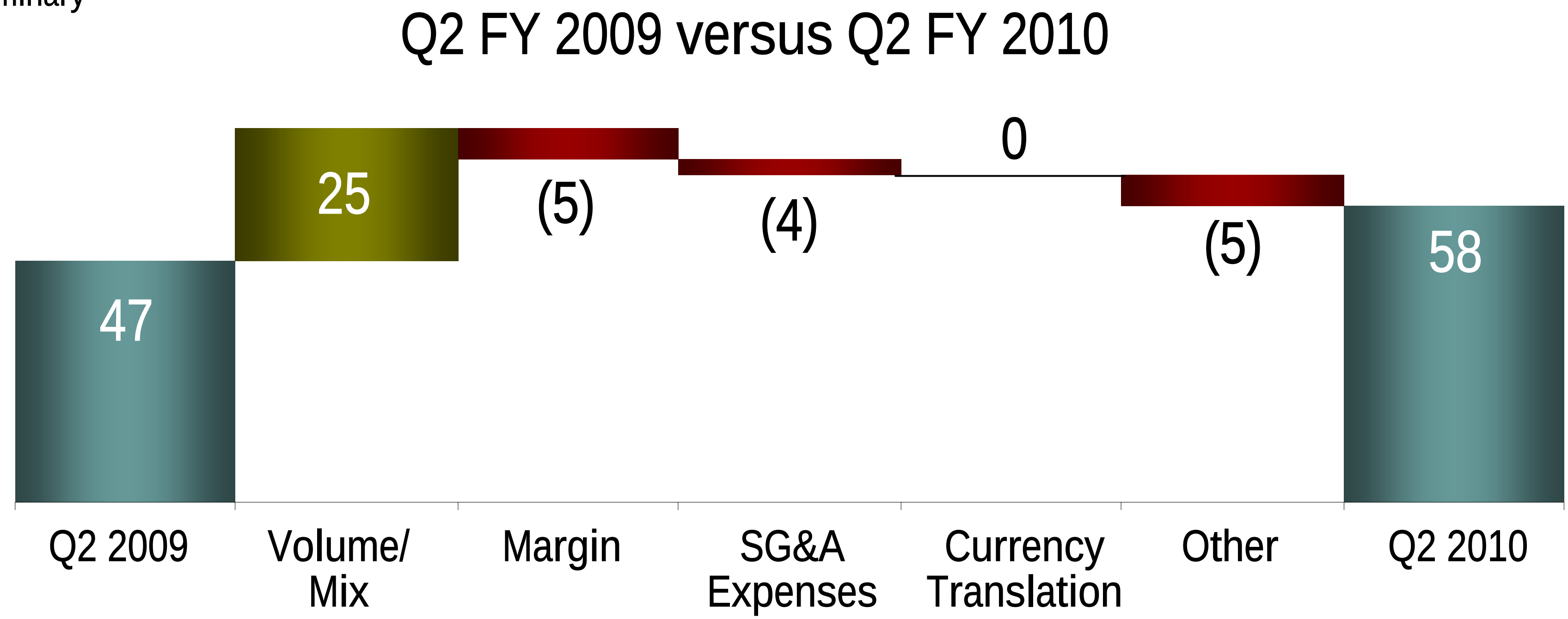
Ashland Aqualon Functional Ingredients

Factors Impacting Adjusted EBITDA

($ millions)
Preliminary



- Strong volume growth in all markets
- Pricing declines slightly exceeded raw material cost reductions

Ashland Performance Materials
Adjusted Results[1] Summary

($ in millions) Preliminary	Fiscal Second Quarter Three months ended March 31,			Three months ended Dec. 31,	
	2010	2009	Change	2009	Change
Pounds/day (in millions)	4.4	3.7	19 %	4.0	10 %
Sales	$ 304	$ 259	17 %	$ 271	12 %
Gross profit as a percent of sales	16.5 %	20.8 %	(430) bp	18.4 %	(190) bp
Selling, general and admin./R&D costs	$ 48	$ 46	4 %	$ 48	- %
Operating income (loss)	$ 6	$ 10	(40) %	$ 8	N.M.
Operating income as a percent of sales	2.0 %	3.9 %	(190) bp	3.0 %	(100) bp
Depreciation and amortization	$ 12	$ 13	(8) %	$ 13	(8) %
Earnings before interest, taxes, depreciation and amortization (EBITDA)	$ 18	$ 23	(22) %	$ 21	(14) %
EBITDA as a percent of sales	5.9 %	8.9 %	(300) bp	7.7 %	(180) bp

- Exhibiting benefits of operating leverage on manufacturing costs and selling, general and administrative expenses
- Raw material escalation of approximately 15% sequentially

[1] Ashland's earnings releases, dated April 27 and Jan. 28, 2010, available on Ashland's website at http://investor.ashland.com, reconcile these adjusted amounts to amounts reported under GAAP.

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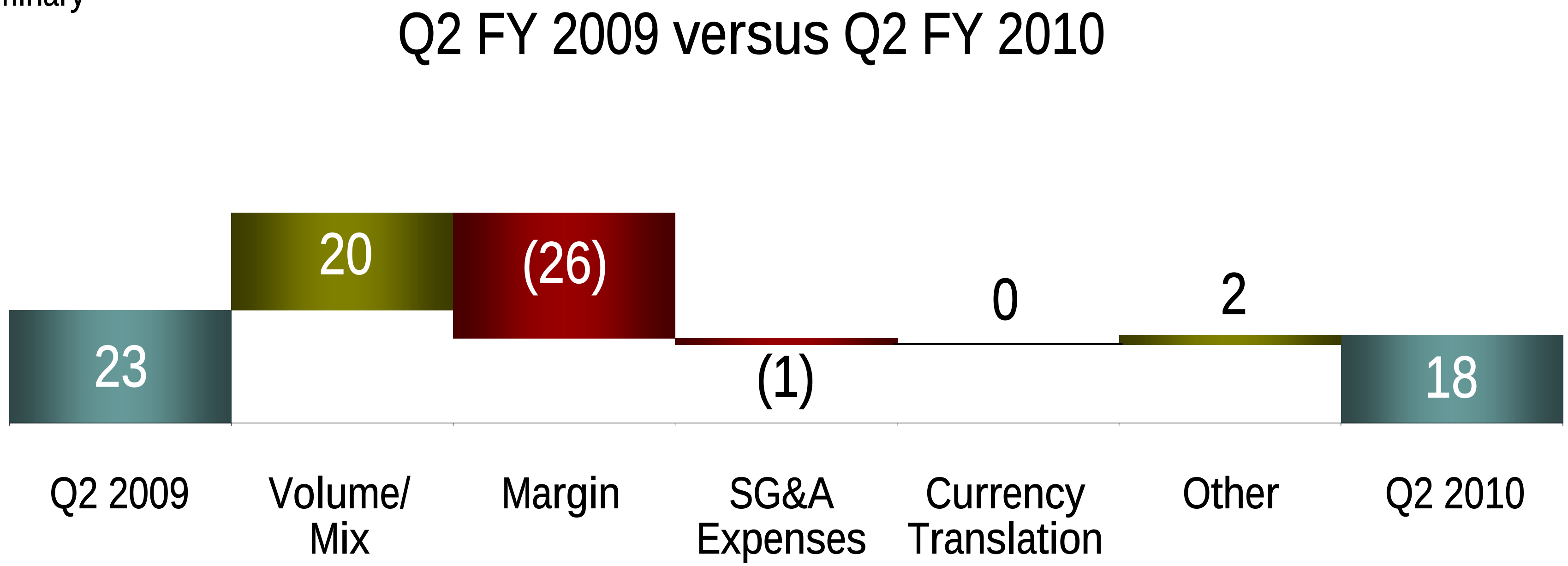
Ashland Performance Materials
Factors Impacting Adjusted EBITDA

($ millions)
Preliminary



- Raw material cost increases more than offset significant volume gains

Ashland Consumer Markets (Valvoline)

Results Summary

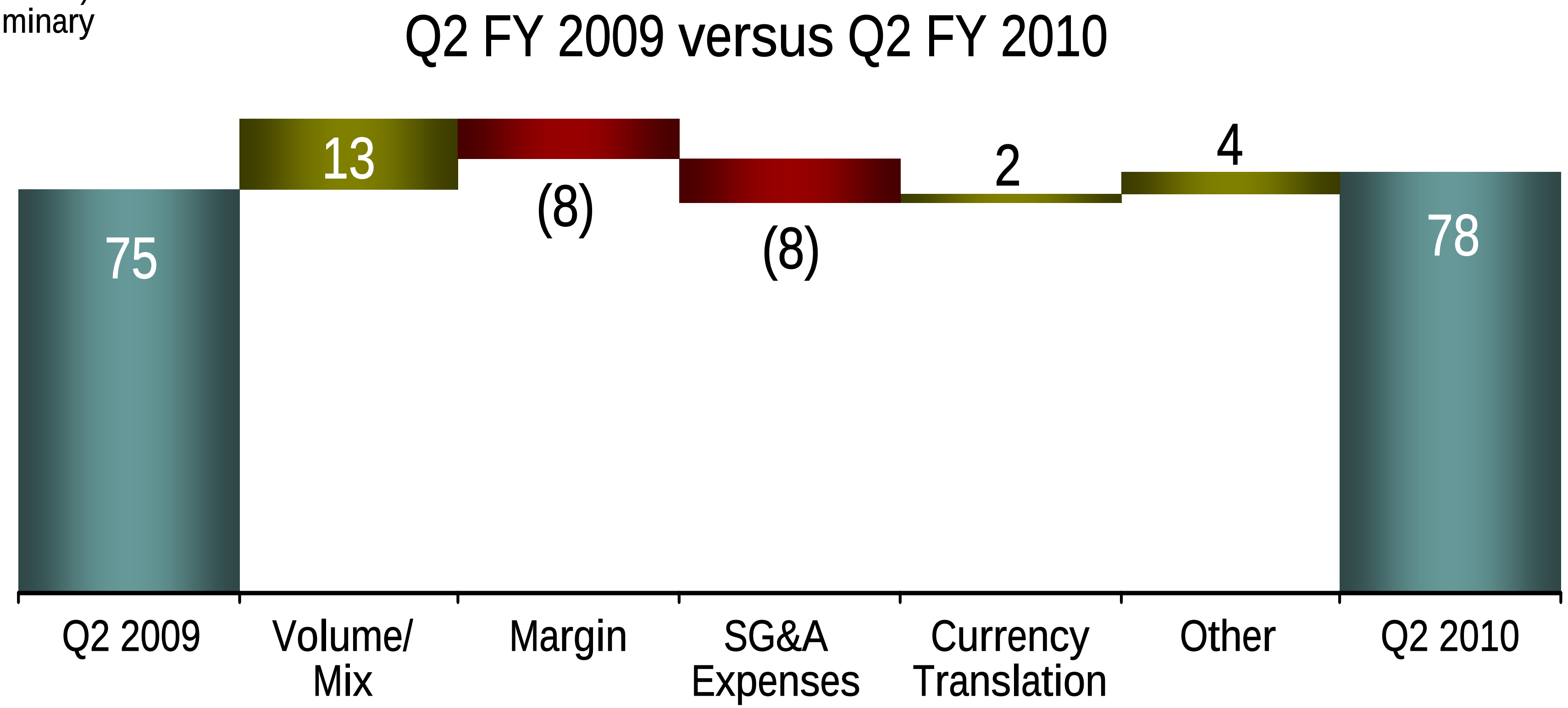
($ in millions) Preliminary	Fiscal Second Quarter Three months ended March 31, 2010	2009	Change	Three months ended Dec. 31, 2009	Change
Lubricant gallons (in millions)	43.7	37.7	16 %	40.3	8 %
Sales	$ 430	$ 407	6 %	$ 400	8 %
Gross profit as a percent of sales	33.0 %	32.2 %	80 bp	33.9 %	(90) bp
Selling, general and admin./R&D costs	$ 79	$ 68	16 %	$ 76	4 %
Operating income	$ 69	$ 66	5 %	$ 67	3 %
Operating income as a percent of sales	16.0 %	16.2 %	(20) bp	16.8 %	(80) bp
Depreciation and amortization	$ 9	$ 9	- %	$ 9	- %
Earnings before interest, taxes, depreciation and amortization (EBITDA)	$ 78	$ 75	4 %	$ 76	3 %
EBITDA as a percent of sales	18.1 %	18.4 %	(30) bp	19.0 %	(90) bp

- Record second-quarter EBITDA
- Five consecutive quarters with EBITDA margin greater than 18%

Ashland Consumer Markets (Valvoline)

Factors Impacting EBITDA

($ millions)
Preliminary



- Volume increases offset by margin compression and higher selling, general and administrative expenses

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Ashland Distribution

Results Summary

($ in millions) Preliminary	Fiscal Second Quarter Three months ended March 31, 2010	Fiscal Second Quarter Three months ended March 31, 2009	Change	Three months ended Dec. 31, 2009	Change
Pounds/day (in millions)	15.4	14.3	8 %	14.3	8 %
Sales	$ 857	$ 698	23 %	$ 729	18 %
Gross profit as a percent of sales	9.3 %	12.8 %	(350) bp	9.2 %	10 bp
Selling, general and admin./R&D costs	$ 64	$ 59	8 %	$ 62	3 %
Operating income	$ 17	$ 31	(45) %	$ 6	183 %
Operating income as a percent of sales	2.0 %	4.4 %	(240) bp	0.8 %	120 bp
Depreciation and amortization	$ 7	$ 7	- %	$ 7	- %
Earnings before interest, taxes, depreciation and amortization (EBITDA)	$ 24	$ 38	(37) %	$ 13	85 %
EBITDA as a percent of sales	2.8 %	5.4 %	(260) bp	1.8 %	100 bp

- EBITDA and EBITDA margin improved sequentially for third straight quarter
- EBITDA benefited from $11 million quantity LIFO adjustment in Q2 2009

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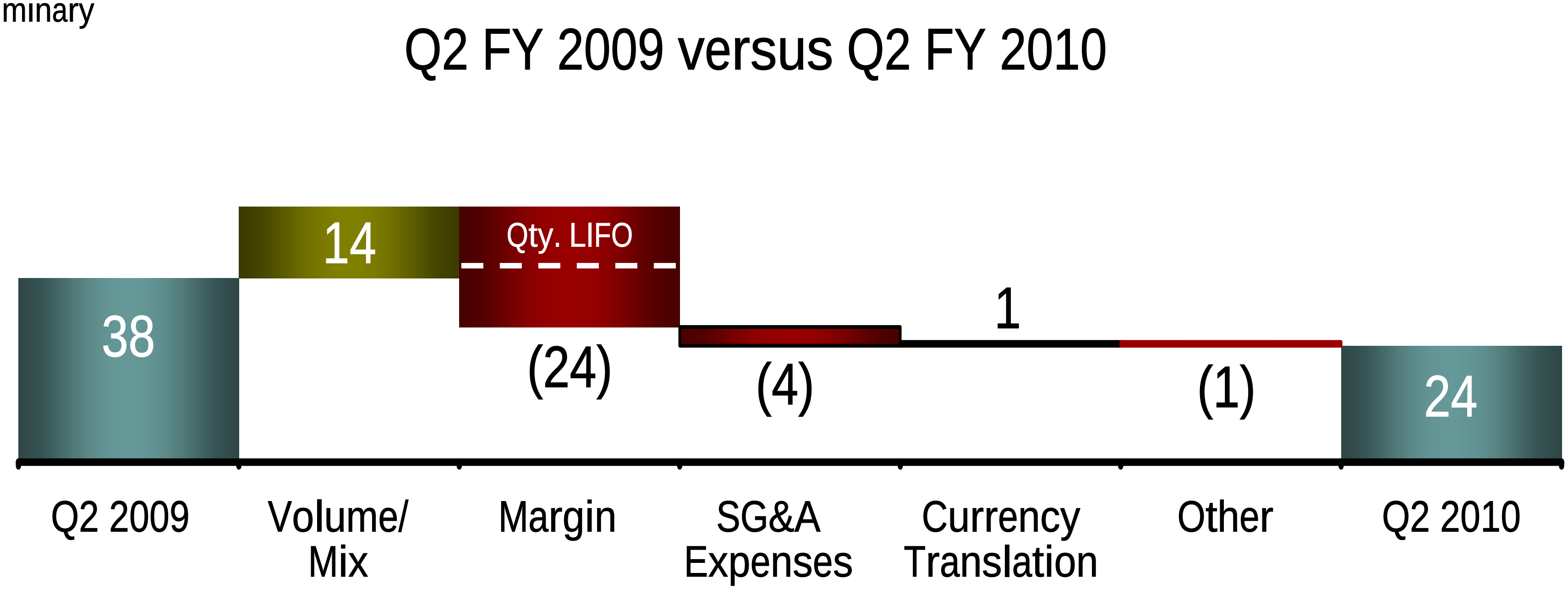
Ashland Distribution

Factors Impacting EBITDA

($ millions)
Preliminary



- Volumes improved in all lines of business, including 6% in chemicals and 10% in plastics
- Unfavorable impact on change in margin due to year-ago $11 million quantity LIFO credit

Corporate Items

- Interest expense update
  - Annualized interest expense of approximately $125 million
  - Annualized cash interest of approximately $100 million
- Expected fiscal 2010 effective tax rate excluding discrete items: low- to mid-30s
- Annualized depreciation and amortization of $280 million to $290 million
- Capital expenditures of $39 million in quarter
  - FY 2010 forecast: $200 million

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Summary

- Volumes on average increased 8% sequentially
- Raw material costs increased 7% sequentially
  - Continuing to pass through increases but with timing lag
- Cash flow
  - Strong free cash flow generation of $138 million
  - Refinancing reduces cash interest by $40 million annually
- Operating leverage
  - Starting to exhibit operating leverage from improved volumes
  - Continue to be well-positioned to take advantage of rebound in economy
- Analyst day on June 3
  - Provide more details on longer-term performance expectations
  - Target midcycle EBITDA of $1.3 billion

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