



## Ashland and Cargill to Combine Talents for Biobased Chemical Joint Venture

First product: renewable propylene glycol

COVINGTON, Ky., and MINNEAPOLIS, May 7 /PRNewswire-FirstCall/ -- Ashland Inc. (NYSE: ASH) and Cargill have agreed in principle to create a new joint venture devoted solely to the development and production of biobased chemicals. The parties intend for the new stand-alone entity to become a leading global supplier of chemicals from renewable sources.

(Logo: <http://www.newscom.com/cgi-bin/prnh/20040113/ASHLANDLOGO> )

The venture's first product will be propylene glycol (PG). Using both licensed and proprietary technology, the joint venture will produce high-grade propylene glycol from glycerin, an abundant co-product of biodiesel production. The joint venture expects to provide global manufacturing and marketing of biobased PG, starting with a 65,000 metric ton-per-year plant at a yet-to-be-finalized location in Europe.

With a 50-50 ownership structure, Cargill and Ashland will bring to the new venture their unique technology, innovation and expertise in bioprocessing, along with chemical formulation, supply chain management and market analysis. The venture anticipates a combined initial capital investment in the range of \$80 million to \$100 million. Details on the name, leadership and development plans are expected to be announced later in 2007.

"We believe the chemical market has reached a tipping point where biobased and petroleum-based options are both desired by the market and practical to produce. To be in a position where Ashland can offer biobased specialty chemical products in the future, we need to help foster the creation of biobased basic chemicals now," said Walter Solomon, vice president and chief growth officer, Ashland Inc. "We are creating our future and we've found a terrific partner in Cargill to do so."

"For well over a century Cargill has been all about adding value to products that come from the earth. Developing high-performing chemicals from renewable sources fits perfectly in that philosophy," said K. Scott Portnoy, Cargill corporate vice president overseeing its biobased industrial businesses. "As an industry leader, Ashland is the ideal partner to help bring these products to market on a commercial scale."

The joint venture will combine the complementary experience and skill sets of both parent companies. "Cargill's expertise in converting vegetable-based oils is world-class, its global reach is unmatched and its glycerin supply chain expertise will promote a quick market rollout. All this will provide a competitive advantage over other manufacturers attempting to produce any product derived from vegetable oils," said Dave Jones, director of bioproducts, Ashland Inc.

"Ashland brings the new joint venture expertise in global chemical marketplace understanding, formulation and marketing," said Jim Stoppert, senior director of Industrial Bioproducts for Cargill. "Ashland's experience in formulating PG into a variety of specialty chemical applications will lead our efforts to produce a renewable product that is a seamless, high-grade solution for all PG end use applications."

According to Ashland market consultants, annual global production for propylene glycol totals more than 1.4 million metric tons, and research shows that global demand growing at a 3-percent to 7-percent rate. Propylene glycol is a common ingredient in a variety of resins, lubricants, cosmetics, paints, detergents and antifreeze. Today, propylene glycol is produced from propylene oxide, a petroleum-based intermediate.

Laboratory tests of the proprietary production method have shown the biobased propylene glycol product will feature a high level of purity. In testing, the process to be used by the joint venture is efficient and produces fewer byproducts than other alternative approaches to making renewable propylene glycol.

The Ashland and Cargill joint venture will offer manufacturers who use propylene glycol alternatives to the current petroleum-based products. Furthermore, biobased products offer the promise of long-term sustainability.

Media alert: Ashland and Cargill will hold a news conference to discuss their planned joint venture on Tuesday, May 8, at the Biotechnology Industry Organization (BIO) International Convention in Boston. The news conference starts at 11 a.m. EDT in room 152 on the main level of the Boston Convention and Exhibition Center. Senior executives from both companies will provide opening statements and be available to answer questions.

Ashland Inc., a diversified, global chemical company, provides quality products, services and solutions to customers in more

than 100 countries. A FORTUNE 500 company, it operates through four wholly owned divisions: Ashland Performance Materials, Ashland Distribution, Valvoline and Ashland Water Technologies. To learn more about Ashland, visit [www.ashland.com](http://www.ashland.com).

Cargill is an international provider of food, agricultural and risk management products and services. With 153,000 employees in 66 countries, the company is committed to using its knowledge and experience to collaborate with customers to help them succeed. For more information, visit [www.cargill.com](http://www.cargill.com).

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