



First-Quarter Fiscal 2011 Earnings

James J. O'Brien, Chairman and Chief Executive Officer

Lamar M. Chambers, Sr. Vice President and Chief Financial Officer

Samuel J. Mitchell Jr., President, Ashland Consumer Markets

David A. Neuberger, Director, Investor Relations

January 25, 2011

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 (including the expected closing of the sale of Ashland Distribution and the anticipated benefits to be realized from the sale); 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 Form 10-K, which is 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 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.

Fiscal First Quarter 2011

Highlights¹

- Announced pending sale of Ashland Distribution for \$930 million in cash
 - Now reported as discontinued operations in current and prior periods
- Reported EPS from continuing operations of 78 cents
 - Adjusted EPS of 79 cents versus 74 cents in December 2009 quarter
- Sales of \$1.4 billion, 8% above December 2009 quarter
- Increased margins sequentially due to continuing pricing actions
- Adjusted EBITDA of \$175 million
- Consumed \$72 million of free cash flow²
- Celebrated grand opening of Ashland Aqualon Functional Ingredients' Nanjing, China, HEC (hydroxyethylcellulose) plant
- Formed global foundry chemicals joint venture with Süd-Chemie

¹ Ashland's first-quarter earnings release dated Jan. 25, 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 First Quarter

Key Items Affecting Income

(\$ in millions, except EPS) Preliminary	Pretax					Aftertax	
	Ashland Aqualon Functional Ingredients	Ashland Hercules Water Tech- nologies	Ashand Performance Materials	Ashand Consumer Markets (Valvoline)	Unallo- cated and Other	Total	Earnings per Share
2011							
Accelerated depreciation			\$ (7)			\$ (5)	\$ (0.07)
Effects of Casting Solutions joint venture							
Transaction/startup costs			(2)		\$ (1)	(2)	(0.03)
Gain on joint venture						3	0.04
R & D tax credit						4	0.05
Total			\$ (9)		\$ (1)	\$ (1)	\$ (0.01)
2010							
Discrete income tax effects						\$ 6	\$ 0.08

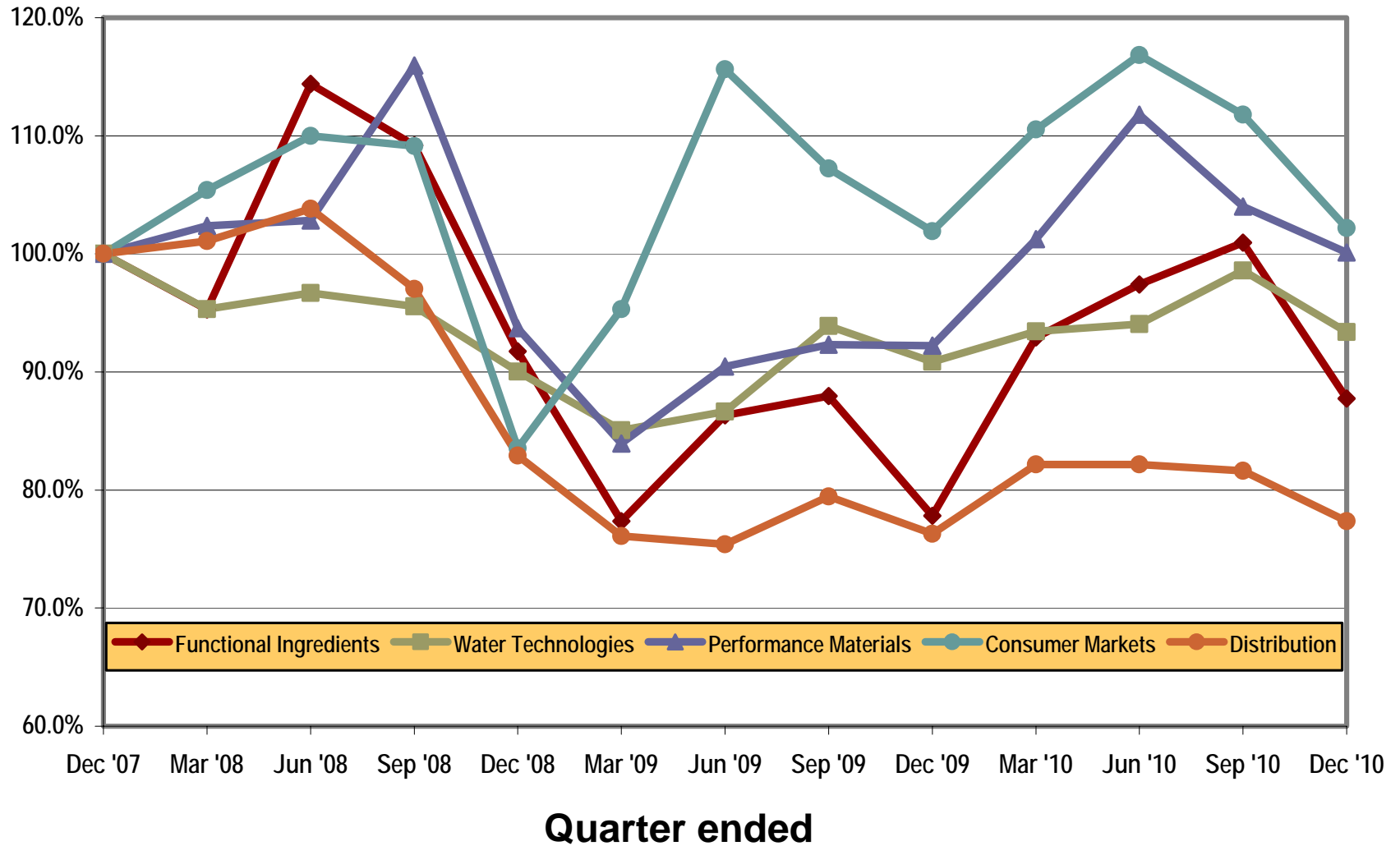
- Intangible amortization expense in first quarter
 - \$17 million in 2011 and \$18 million in 2010

Adjusted Results Summary¹

(\$ in millions) Preliminary	Fiscal First Quarter			Three months ended	
	Three months ended Dec. 31,			Sept. 30,	
	2010	2009	Change	2010	Change
Sales	\$ 1,433	\$ 1,324	8 %	\$ 1,516	(5) %
Gross profit as a percent of sales	27.9 %	31.6 %	(370) bp	27.1 %	80 bp
Selling, general and admin./R&D costs	\$ 305	\$ 304	0 %	\$ 327	(7) %
Operating income	\$ 109	\$ 127	(14) %	\$ 92	18 %
Operating income as a percent of sales	7.6 %	9.6 %	(200) bp	6.1 %	150 bp
Depreciation and amortization	\$ 66	\$ 74	(11) %	\$ 65	2 %
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 175	\$ 201	(13) %	\$ 157	11 %
EBITDA as a percent of sales	12.2 %	15.2 %	(300) bp	10.4 %	180 bp

- Ashland Distribution now reported as discontinued operation
 - SG&A includes certain costs previously allocated to Distribution
- Sequentially higher margins despite seasonally weaker sales and volumes

Recent Volume Trends¹

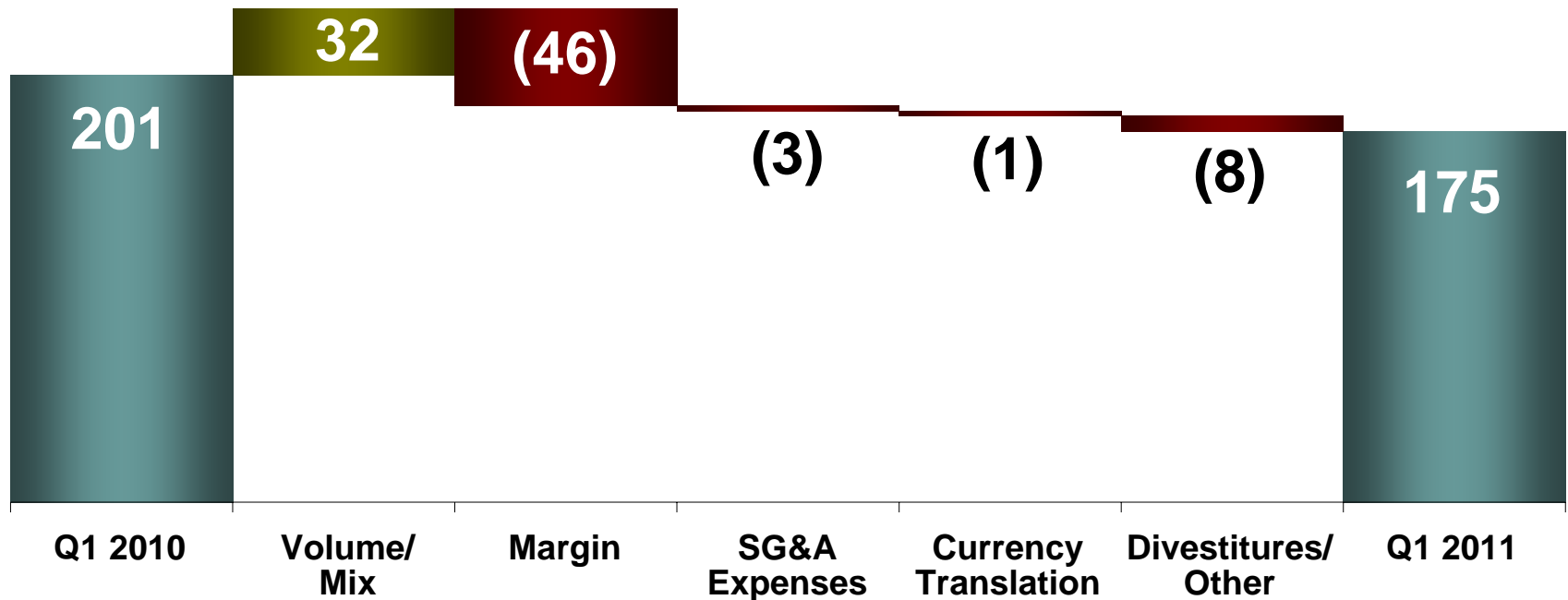


¹ Excludes volumes associated with Casting Solutions and divested Pinova and Drew Marine businesses for all periods. Includes volumes associated with Ara Quimica for all periods.

Q1 FY 2010 vs. Q1 FY 2011

Factors Impacting Adjusted EBITDA

(\$ millions)
Preliminary



- Good volume growth over the prior-year quarter
- Rising raw material costs compressed margins
 - Offsetting price increases continue to be announced

Liquidity and Net Debt

(\$ in millions)

Liquidity		At Dec. 31, 2010
Cash		\$ 374
Available revolver capacity		442
Available A/R securitization		288
Liquidity		\$ 1,104

Debt	Expiration	Interest			At Dec. 31, 2010
		Rate	Moody's	S&P	
Revolver drawn ¹	03/2014	L+250	Baa2	BBB	\$ -
A/R securitization ²	03/2013	CP/L+150			40
Term Loan A ³	03/2014	L+250	Baa2	BBB	289
9.125% senior notes ⁴ , 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			143
Total debt			Ba1/ Positive	BB+/ Positive	\$ 1,230
Cash (excludes auction rate securities⁵)					\$ 374
Net debt					\$ 856

¹ \$550 million facility, including ~\$108 million used for letters of credit

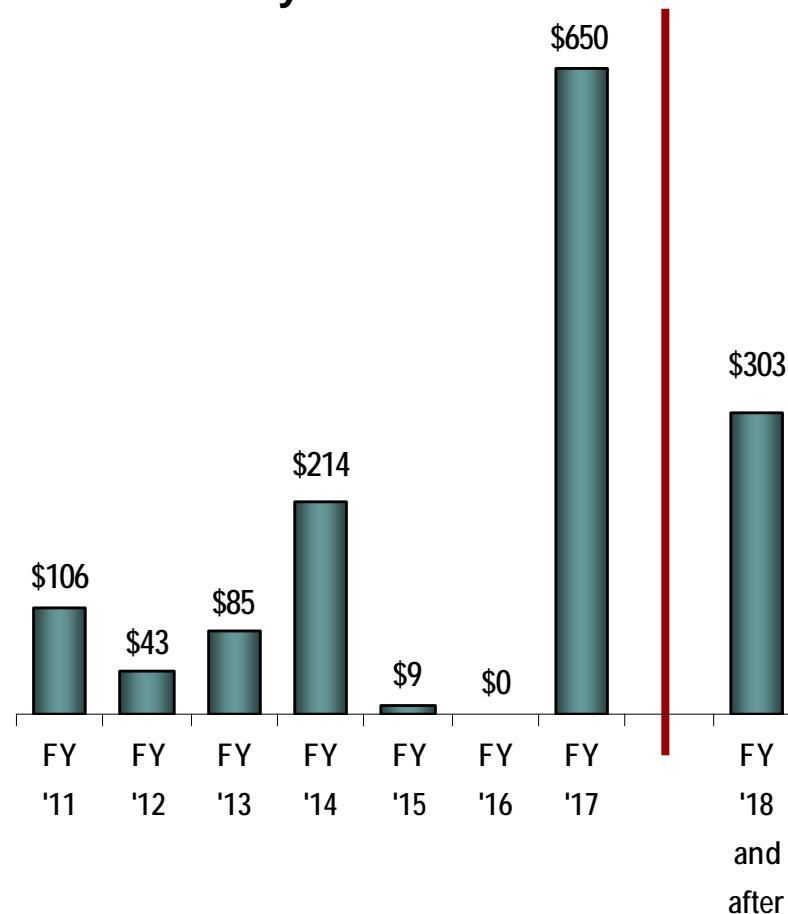
² \$350 million facility

³ \$300 million facility

⁴ Includes four-year, no-call provision.

⁵ Excludes auction rate securities with book value of \$22 million.

Scheduled Debt Repayments by Fiscal Year



Ashland Consumer Markets (Valvoline) Adjusted Results Summary¹

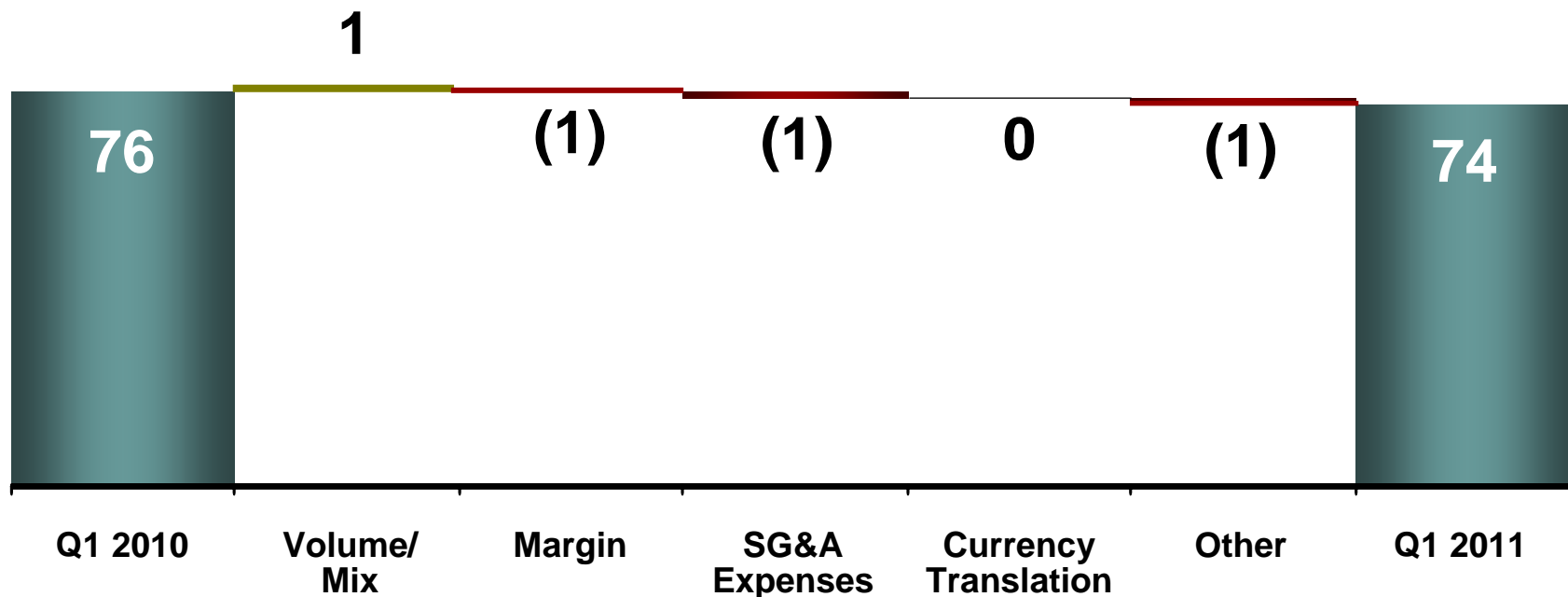
(\$ in millions) Preliminary	Fiscal First Quarter			Three months ended	
	Three months ended Dec. 31,			Sept. 30,	
	2010	2009	Change	2010	Change
Lubricant gallons (in millions)	40.4	40.3	0 %	44.2	(9) %
Sales	\$ 440	\$ 400	10 %	\$ 462	(5) %
Gross profit as a percent of sales	30.9 %	33.9 %	(300) bp	28.9 %	200 bp
Selling, general and admin./R&D costs	\$ 77	\$ 76	1 %	\$ 85	(9) %
Operating income	\$ 65	\$ 67	(3) %	\$ 52	25 %
Operating income as a percent of sales	14.8 %	16.8 %	(200) bp	11.3 %	350 bp
Depreciation and amortization	\$ 9	\$ 9	- %	\$ 9	- %
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 74	\$ 76	(3) %	\$ 61	21 %
EBITDA as a percent of sales	16.8 %	19.0 %	(220) bp	13.2 %	360 bp

- October pricing action drove sequential increase in profitability despite seasonally weaker quarter

Factors Impacting Adjusted EBITDA

(\$ millions)
Preliminary

Q1 FY 2010 versus Q1 FY 2011



- December quarter performance consistent with prior year

Raw Material Cost Environment

- New base oil cost increase of 25 cents per gallon effective Jan. 1
- Recently announced 8% price increase to offset increased costs
- Typical price-cost lag effect of approximately one quarter

Demonstrated history of success in offsetting cost increases through price

Historical Channel Performance

FY 2007 – FY 2010

- Valvoline International
 - Channel development
(volume including joint ventures) 7% avg. annual growth
- Valvoline Instant Oil Change
 - Same-store sales 7% avg. annual growth
- DIY and DIFM Installer Channels
 - Premium mix From 23% to 30%

Strong growth opportunities in each market channel

Ashland Aqualon Functional Ingredients Adjusted Results Summary¹

(\$ in millions) Preliminary	Fiscal First Quarter			Three months ended	
	Three months ended Dec. 31,			Sept. 30,	
	2010	2009	Change	2010	Change
Metric tons sold (in thousands)	38.5	37.4	3 %	42.8	(10) %
Sales	\$ 216	\$ 210	3 %	\$ 239	(10) %
Gross profit as a percent of sales	31.2 %	33.7 %	(250) bp	28.7 %	250 bp
Selling, general and admin./R&D costs	\$ 47	\$ 44	7 %	\$ 50	(6) %
Operating income	\$ 19	\$ 27	(30) %	\$ 19	- %
Operating income as a percent of sales	8.8 %	12.9 %	(410) bp	7.9 %	90 bp
Depreciation and amortization	\$ 24	\$ 27	(11) %	\$ 24	- %
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 43	\$ 54	(20) %	\$ 43	- %
EBITDA as a percent of sales	19.9 %	25.7 %	(580) bp	18.0 %	190 bp

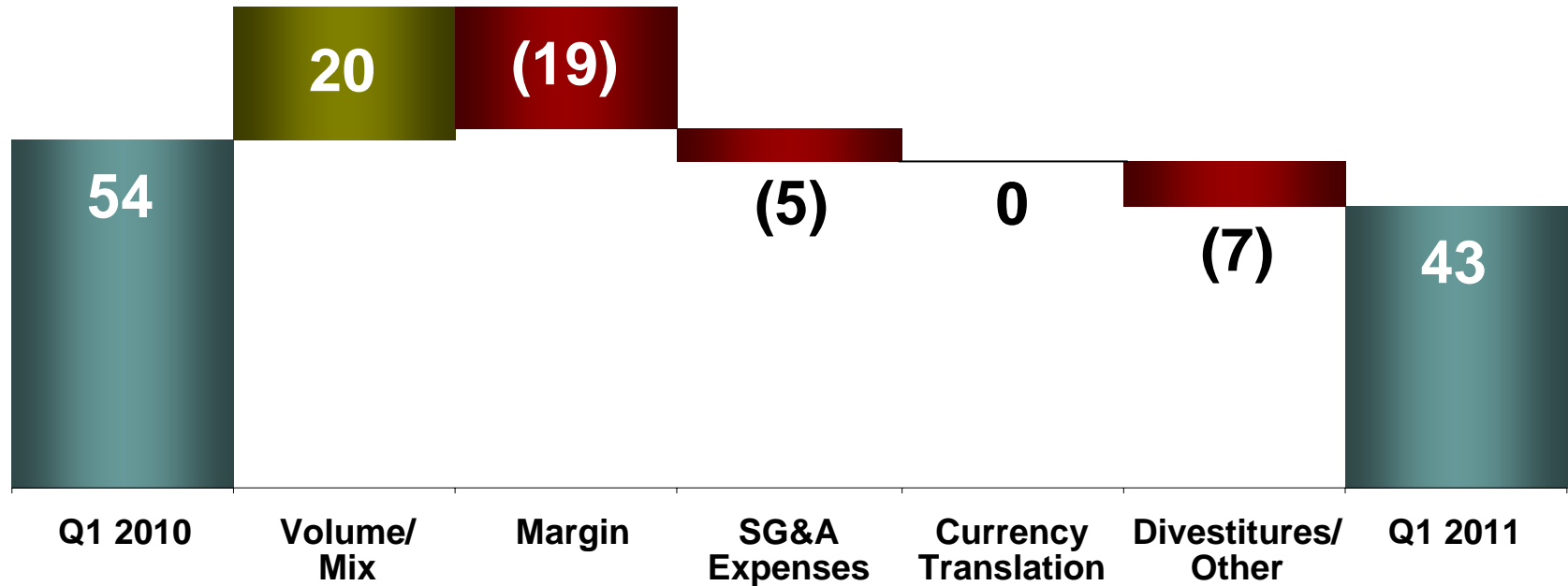
- Volume excluding divested Pinova business grew 16% over prior December quarter
- Sequential improvement in gross-profit percent driven by recent pricing actions

¹ Ashland's earnings releases, dated Jan. 25, 2011, and Oct. 26, 2010, available on Ashland's website at <http://investor.ashland.com>, reconcile adjusted amounts to amounts reported under GAAP.

Factors Impacting Adjusted EBITDA

(\$ millions)
Preliminary

Q1 FY 2010 versus Q1 FY 2011



- Significant volume gains more than offset by margin and SG&A expenses
- Pricing actions continue to be taken in all markets

Ashland Hercules Water Technologies

Adjusted Results Summary¹

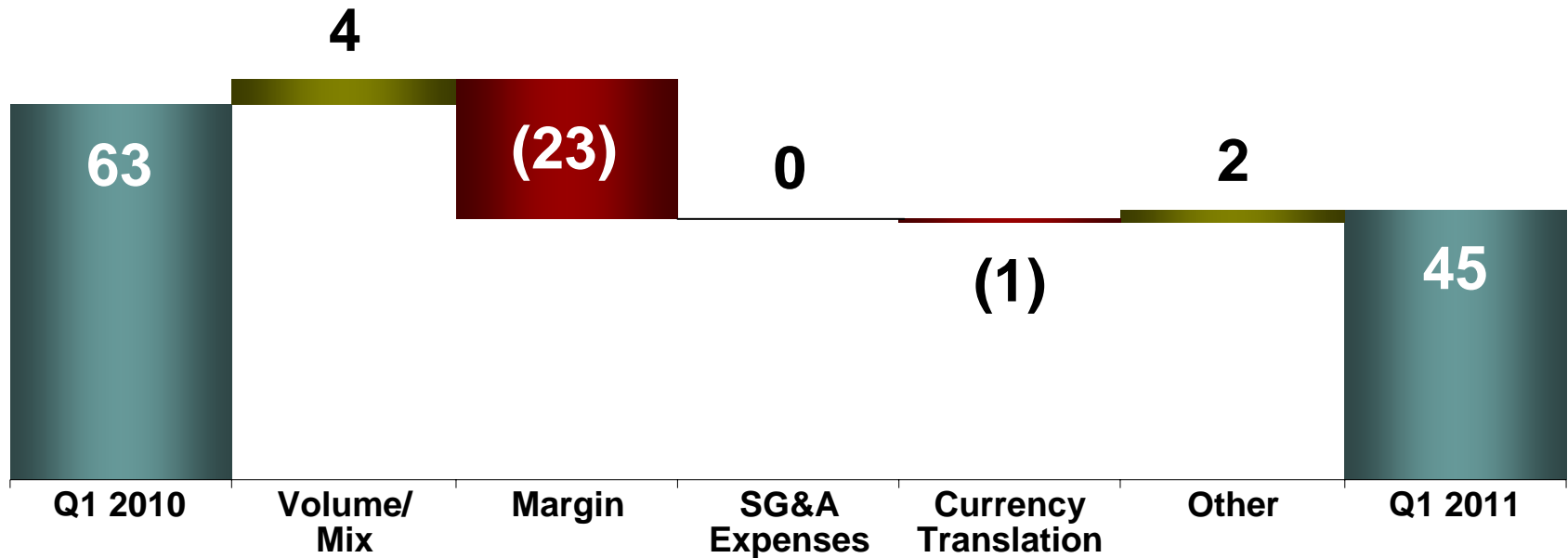
(\$ in millions) Preliminary	Fiscal First Quarter			Three months ended	
	Three months ended Dec. 31,			Sept. 30,	
	2010	2009	Change	2010	Change
Sales	\$ 451	\$ 443	2 %	\$ 462	(2) %
Gross profit as a percent of sales	31.6 %	36.6 %	(500) bp	31.7 %	(10) bp
Selling, general and admin./R&D costs	\$ 120	\$ 123	(2) %	\$ 127	(6) %
Operating income	\$ 24	\$ 39	(38) %	\$ 19	26 %
Operating income as a percent of sales	5.3 %	8.8 %	(350) bp	4.1 %	120 bp
Depreciation and amortization	\$ 21	\$ 24	(13) %	\$ 21	- %
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 45	\$ 63	(29) %	\$ 40	13 %
EBITDA as a percent of sales	10.0 %	14.2 %	(420) bp	8.7 %	130 bp

- Pricing efforts have stabilized margins
 - Benefit muted due to continued raw material escalation

Factors Impacting Adjusted EBITDA

(\$ millions)
Preliminary

Q1 FY 2010 versus Q1 FY 2011



- Raw-material cost escalation continues to pressure margins
- Global pricing actions being taken
 - Emphasis on North America and Europe

Effects of Recent Transactions

- Ara Quimica
 - Acquired joint-venture partner's interest in June 2010 quarter
 - Results consolidated within Performance Materials
- Foundry chemicals joint venture with Süd-Chemie
 - Completed Dec. 1, 2010
 - Joint-venture results reported through equity income
 - Performance Materials' December 2010 quarter includes only two months of Casting Solutions' consolidated results
 - Low-margin tolling unfavorably affecting gross profit as a percent of sales

Ashland Performance Materials

Adjusted Results Summary¹

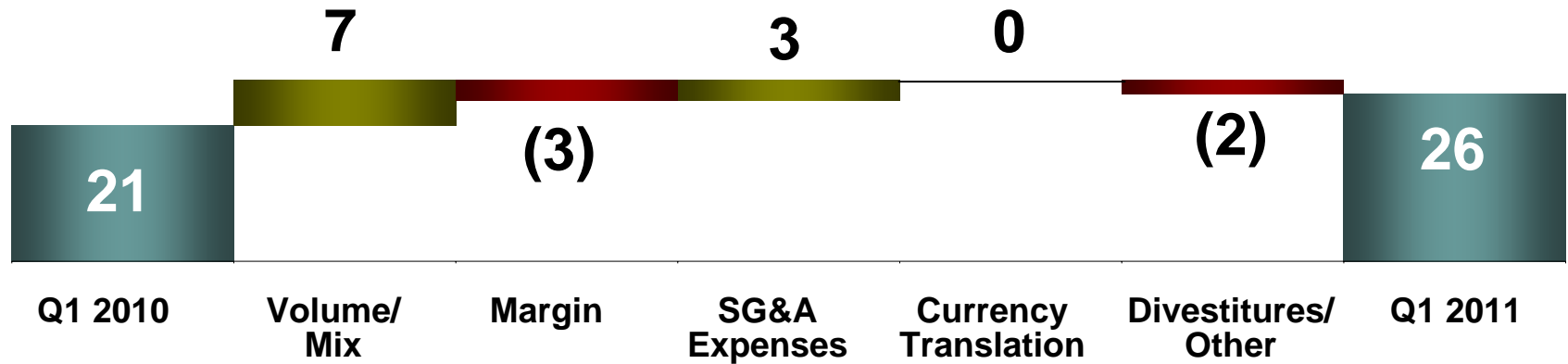
(\$ in millions) Preliminary	Fiscal First Quarter			Three months ended	
	Three months ended Dec. 31,			Sept. 30,	
	2010	2009	Change	2010	Change
Pounds/day (in millions)	4.5	4.0	13 %	4.8	(6) %
Sales	\$ 326	\$ 271	20 %	\$ 353	(8) %
Gross profit as a percent of sales	16.6 %	18.4 %	(180) bp	17.6 %	(100) bp
Selling, general and admin./R&D costs	\$ 43	\$ 48	(10) %	\$ 49	(12) %
Operating income	\$ 15	\$ 8	88 %	\$ 15	- %
Operating income as a percent of sales	4.6 %	3.0 %	160 bp	4.2 %	40 bp
Depreciation and amortization	\$ 11	\$ 13	(15) %	\$ 11	- %
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 26	\$ 21	24 %	\$ 26	- %
EBITDA as a percent of sales	8.0 %	7.7 %	30 bp	7.4 %	60 bp

- Normalized sales up 17% over the prior-year quarter
- Gross profit decline largely reflects effects of Süd-Chemie joint venture and higher manufacturing costs

Factors Impacting Adjusted EBITDA

(\$ millions)
Preliminary

Q1 FY 2010 versus Q1 FY 2011



- Volume increases drove EBITDA improvement
- SG&A savings offset margin compression

Ashland Distribution Update

- Transaction on track for March 31, 2011, closing
- Transition Service Agreement still being finalized
- Costs previously allocated to Ashland Distribution negatively affecting quarterly operating income
 - Costs of \$4 million associated with retained liabilities
 - Estimated to decline by roughly \$1.5 million upon closing
 - “Stranded” costs of \$7 million
 - To be addressed after transaction close

Ashland Distribution – Discontinued operation

Pro Forma Adjusted Results Summary¹

(\$ in millions) Preliminary	Fiscal First Quarter Three months ended Dec. 31,			Three months ended Sept. 30,	
	2010	2009	Change	2010	Change
Pounds/day (in millions)	14.7	14.3	3 %	15.3	(4) %
Sales	\$ 856	\$ 729	17 %	\$ 911	(6) %
Gross profit as a percent of sales	8.8 %	9.2 %	(40) bp	9.4 %	(60) bp
Selling, general and admin./R&D costs	\$ 61	\$ 62	(2) %	\$ 64	(5) %
Operating income	\$ 16	\$ 6	167 %	\$ 23	(30) %
Operating income as a percent of sales	1.9 %	0.8 %	110 bp	2.5 %	(60) bp
Depreciation and amortization	\$ 6	\$ 7	(14) %	\$ 7	(14) %
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 22	\$ 13	69 %	\$ 30	(27) %
EBITDA as a percent of sales	2.6 %	1.8 %	80 bp	3.3 %	(70) bp

- Results reflect Distribution business as historically reported and are provided for comparative purposes only

Accounting Effects of Ashland Distribution

- Discontinued operations bridge
 - Pro forma operating income of \$16 million
 - Add back depreciation of \$6 million
 - Add costs of \$11 million previously allocated to Distribution
 - Now recorded within Unallocated and Other within continuing operations
 - Apply effective tax rate of 30%
- Ashland Distribution contributes \$23 million to Discontinued Operations

Corporate Items

- Capital expenditures of \$22 million in quarter
 - Fiscal 2011 forecast: \$215 million (excluding Distribution)
- Operating-segment trade working capital of 14.4%
- Net interest expense of \$27 million
- Effective tax rate of 26% during the quarter
 - Excludes key items
 - Revising FY 2011 tax-rate forecast to low 30% range

Performance Summary

- Solid December quarter performance despite rising raw material costs
- Volumes up 4% over prior-year quarter and exhibited typical seasonality sequentially
- Sales up 8% over year-ago quarter
- Margin recovery despite seasonally weakest quarter
- Free cash flow of \$(72) million in the quarter

Outlook

- Some raw-material cost escalation continues
 - Market agility and pricing actions paramount to success
 - Recent pricing actions in all commercial units
- Sale of Ashland Distribution enhances ability to implement overall strategy
- Long history of returning value to shareholders through mix of options
 - Currently evaluating most value-creating mix

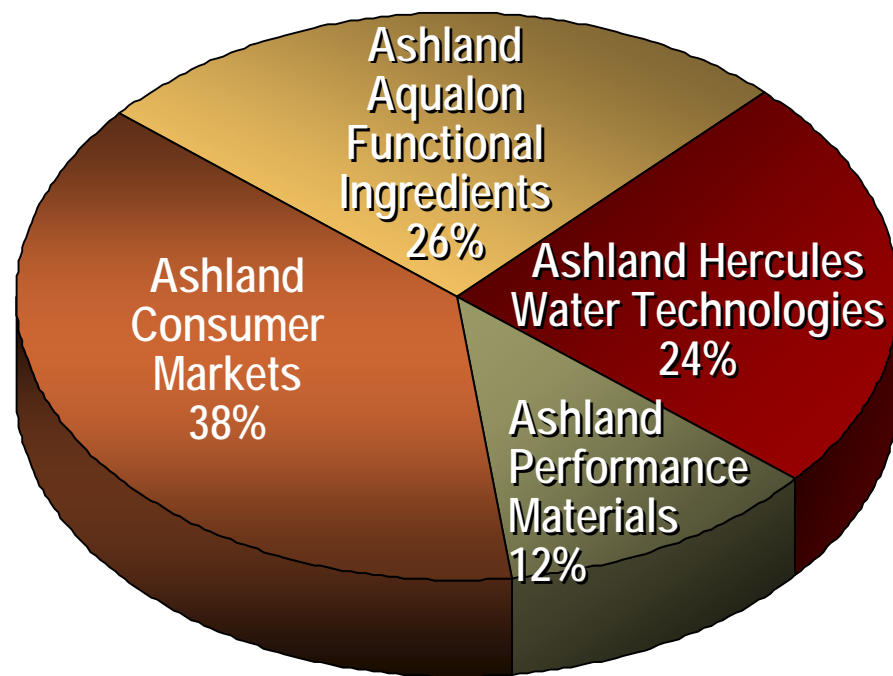
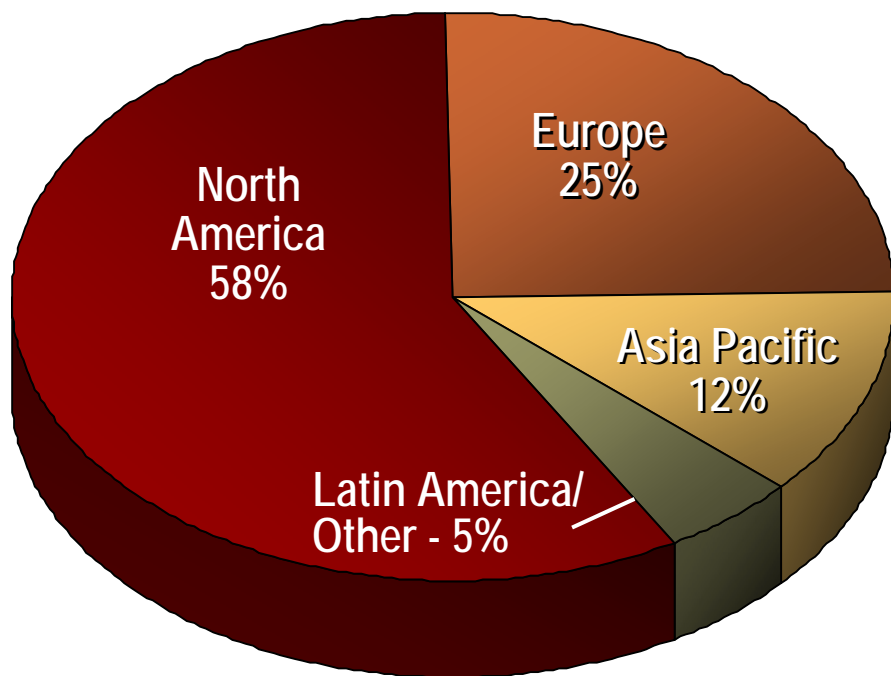
Accomplishments

- Completion of global joint venture with Süd-Chemie creates ASK Chemicals
 - Expanded growth opportunities worldwide as a market-focused leader in chemicals for the metal-casting industry
- Grand opening of Nanjing, China, HEC facility
 - Supports strong growth opportunities within Functional Ingredients
- Pending Distribution sale
 - Sharpens Ashland's specialty chemical focus

Ashland Profile¹

Sales: \$5.9 billion

Adjusted EBITDA:
\$719 million



- 42% of total sales come from outside North America

- Approximately 60% of EBITDA comes from specialty chemicals

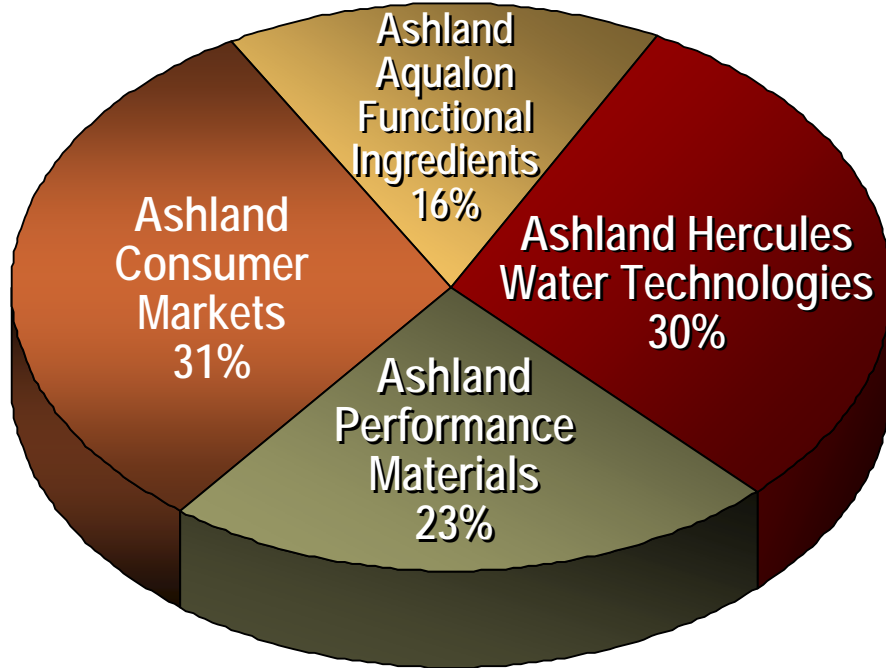


Appendix A:
Ongoing Business Profiles
12 Months Ended Dec. 31, 2010

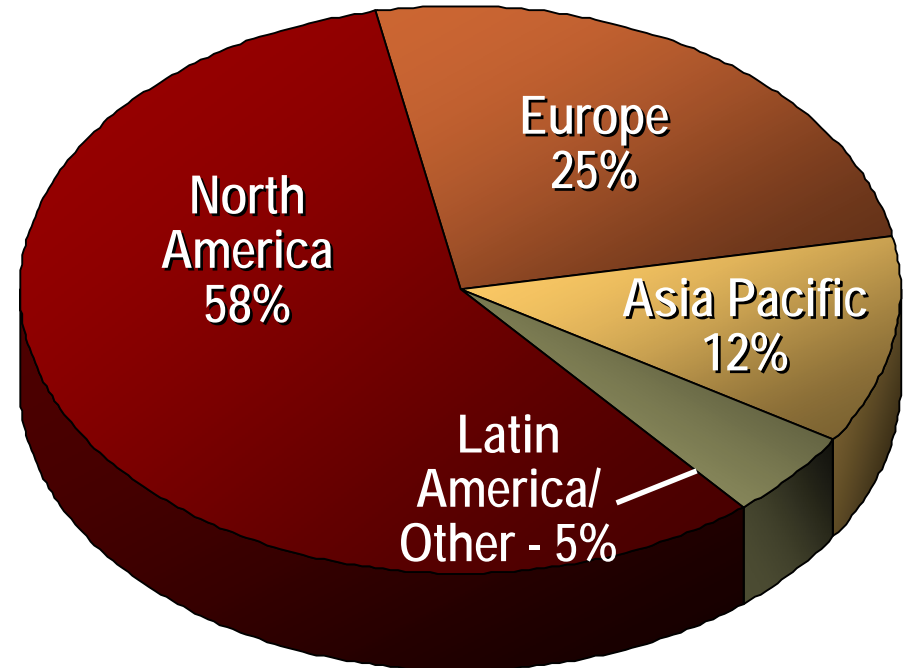
Corporate Profile

Sales¹: \$5.9 billion

By commercial unit



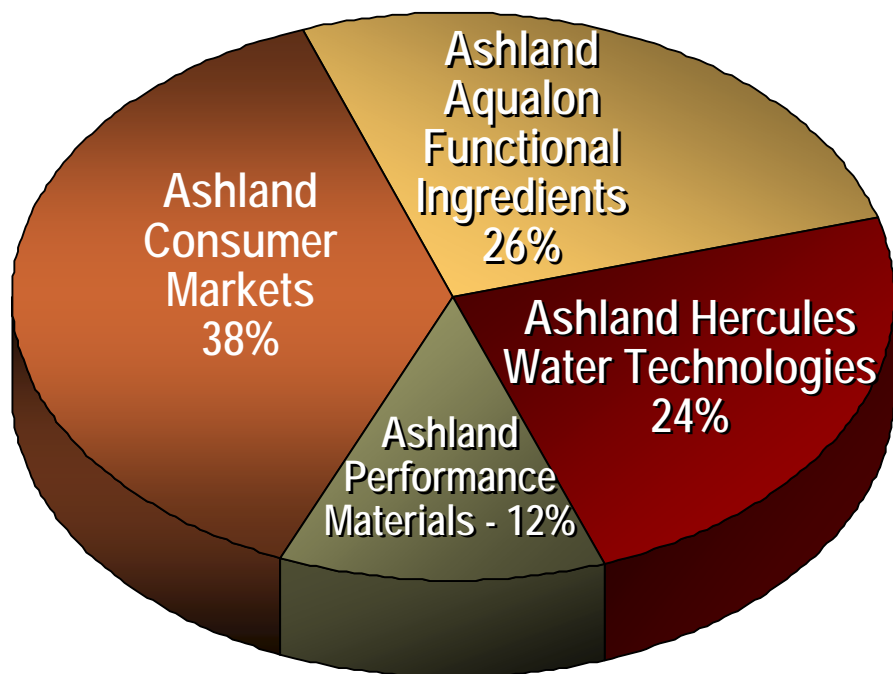
By geography



- 42% of total sales come from outside North America

Corporate Profile

Adjusted EBITDA¹: \$719 million



NYSE Ticker Symbol:	ASH
Total Employees:	~14,500
Outside North America	35%
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 aqueous systems

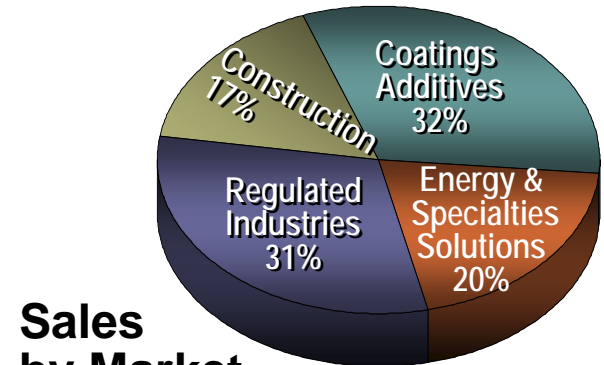
Trailing 12 Months Ended Dec. 31, 2010

Sales: \$0.9 billion

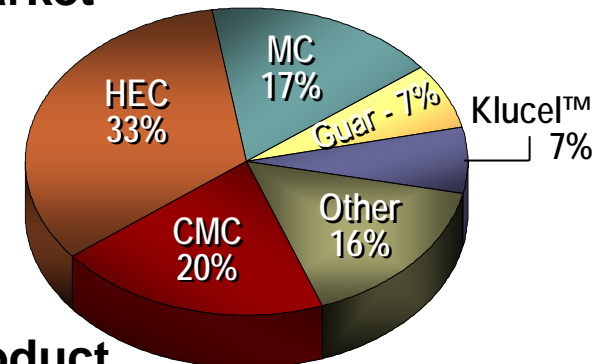
Adjusted EBITDA: \$202 million¹

Adjusted EBITDA Margin: 21.9%¹

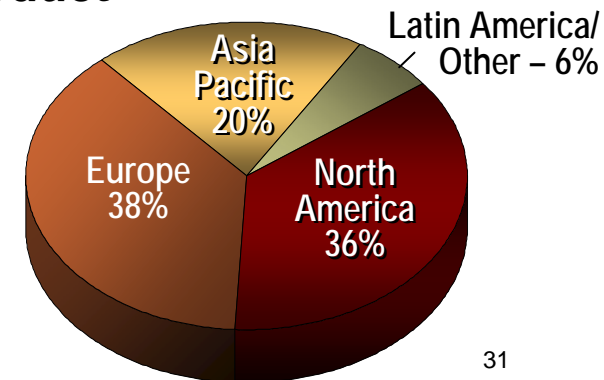
Business Overview	
Customers	<ul style="list-style-type: none"> • Diversified, global customer base
Products	<ul style="list-style-type: none"> • Broad product line based on renewable resources <ul style="list-style-type: none"> - Water-soluble polymers (cellulose ethers and guar derivatives)
Markets	<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

31

ASHLAND

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

™ Trademark, Ashland or its subsidiaries, registered in various countries

Ashland Hercules Water Technologies

A major global supplier of process and functional chemicals

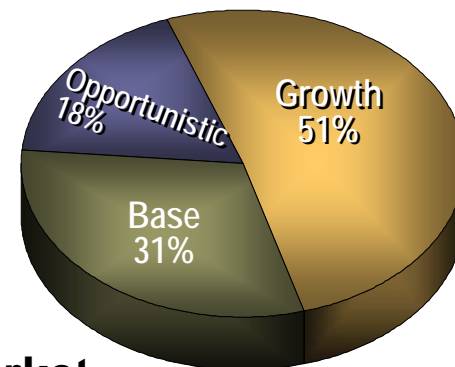
Trailing 12 Months Ended Dec. 31, 2010

Sales: \$1.8 billion

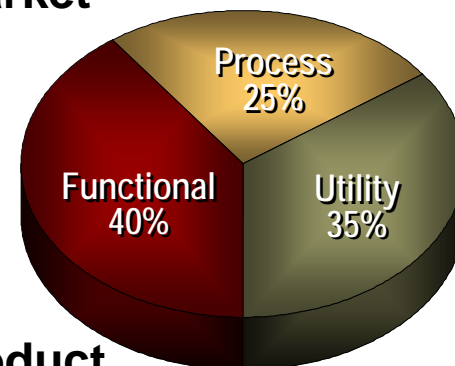
Adjusted EBITDA: \$185 million¹

Adjusted EBITDA Margin: 10.3%¹

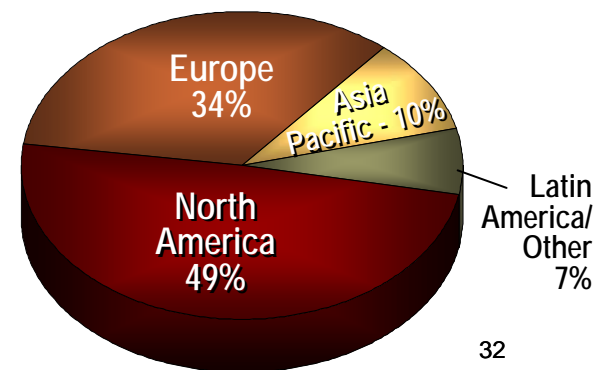
Business Overview	
Customers/ Markets	<ul style="list-style-type: none"> • Growth <ul style="list-style-type: none"> - Commercial and institutional - Food and beverage - Mining <ul style="list-style-type: none"> - Packaging - Tissue and towel - Pulp • Base <ul style="list-style-type: none"> - Printing 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



Sales by Market



Sales by Product



Sales by Geography

ASHLAND

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

Ashland Performance Materials

A global leader in specialty chemicals

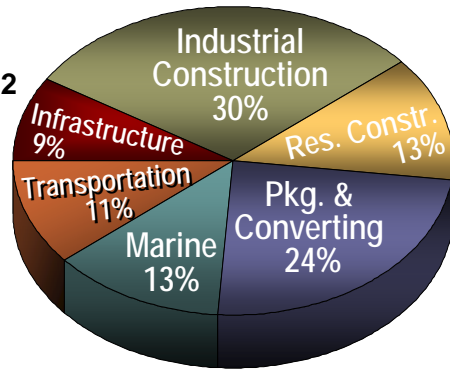
Trailing 12 Months Ended Dec. 31, 2010

Sales: \$1.3 billion

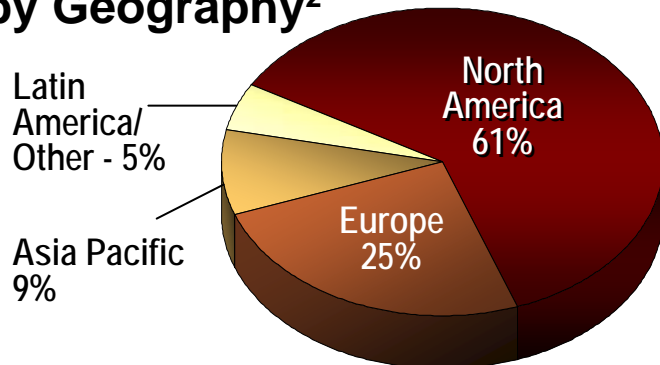
Adjusted EBITDA: \$94 million¹

Adjusted EBITDA Margin: 7.0%¹

Sales by Market²



Sales by Geography²



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 Solutions³ <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

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

² Excludes sales of \$285 million from Casting Solutions.

³ Contributed in December 2010 to ASK Chemicals GmbH joint venture, of which Ashland retains a 50% interest.

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

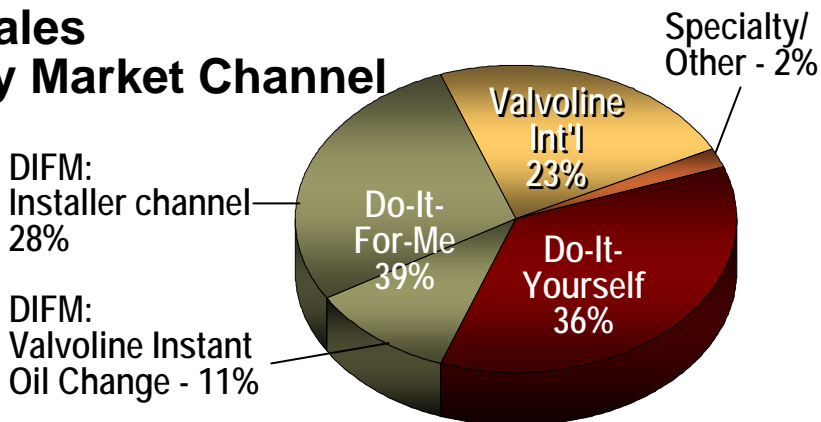
Trailing 12 Months Ended Dec. 31, 2010

Sales: \$1.8 billion

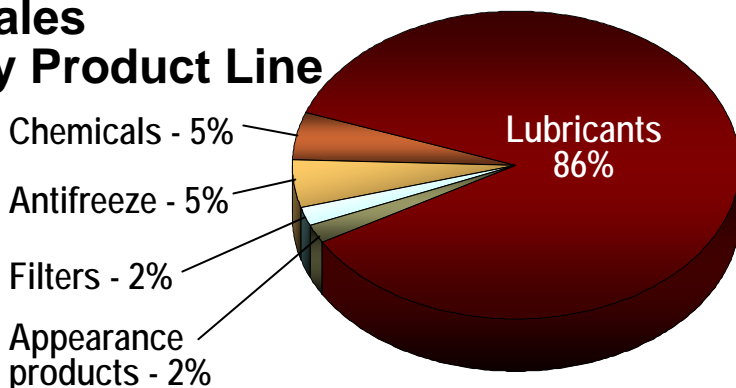
Adjusted EBITDA: \$295 million¹

Adjusted EBITDA Margin: 16.4%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.

™ Trademark, Ashland or its subsidiaries, registered in various countries

Midcycle Targets

Commercial Unit	Targeted Midcycle		
	Sales Dollars (in billions)	EBITDA Dollars (in millions)	EBITDA Margin
Ashland Aqualon Functional Ingredients	\$1.1 to \$1.2	\$275 to \$300	25% to 27%
Ashland Hercules Water Technologies	\$2.1 to \$2.2	\$325 to \$350	16% to 18%
Ashland Performance Materials	\$1.6 to \$1.7	\$200 to \$225	12% to 14%
Ashland Consumer Markets (Valvoline)	\$2.0 to \$2.1	\$375 to \$400	17% to 20%
Total Ashland	~ \$7 billion	~ \$1.2 billion	17% to 18%

Midcycle EBITDA Margin Targets of 17% to 18%



Appendix B: Reclassifications and Regulation G Reconciliations

Ashland Inc. and Consolidated Subsidiaries

Reconciliation of Non-GAAP Data

for the 12 Months Ended Dec. 31, 2010

(\$ millions, except percentages)

Sales	Q1 11	Q4 10	Q3 10	Q2 10	Total
Functional Ingredients	216	239	227	240	922
Water Technologies	451	462	431	449	1,793
Performance Materials	326	353	357	304	1,340
Consumer Markets	440	462	463	430	1,795
Total	1,433	1,516	1,478	1,423	5,850

Adjusted EBITDA ¹	Q1 11	Q4 10	Q3 10	Q2 10	Total	EBITDA Margin
Functional Ingredients	43	43	58	58	202	21.9%
Water Technologies	45	40	48	52	185	10.3%
Performance Materials	26	26	24	18	94	7.0%
Consumer Markets	74	61	82	78	295	16.4%
Unallocated	(13)	(13)	(12)	(19)	(57)	
Total	175	157	200	187	719	

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.

ASHLAND®

With good chemistry great things happen.™