First-Quarter Fiscal 2010 Earnings

January 26, 2010

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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; 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 associated with Ashland's integration of Hercules Incorporated businesses; Ashland's substantial indebtedness; the restrictive covenants under Ashland's debt instruments; Ashland's ability to repay the debt with future cash flow; and other risks and uncertainties that are described in filings made by Ashland with the Securities and Exchange Commission, including its most recent Form 10-K, 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.

Regulation G: Adjusted Pro Forma Results

The information presented herein regarding adjusted pro forma 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. Certain prior period adjusted pro forma results could not be reconciled to previous GAAP statements filed by Ashland since it relied upon pro forma information from Hercules Incorporated ("Hercules").

The unaudited adjusted pro forma 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 from the acquisition of Hercules. Certain significant and identifiable cost allocation, reporting and accounting policy differences have been reflected in these adjusted pro forma results. However, these adjusted pro forma results do not purport to identify all these differences. Therefore, the unaudited adjusted pro forma results are not necessarily indicative of results that would have been achieved had the businesses been combined during the period presented or the results that Ashland will experience in the future. 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 First Quarter 2010
Highlights[1]

- Achieved significant profit improvement despite difficult demand environment
  - Reported EPS from continuing operations of 97 cents per share
    - Adjusted EPS of 89 cents per share versus 36 cents in prior-year quarter
  - Increased adjusted pro forma EBITDA to $226 million, up 54% over Q1 FY '09
  - Record first-quarter EBITDA from Ashland Consumer Markets (Valvoline) and Ashland Hercules Water Technologies
- Generated $8 million free cash flow[2] in seasonally weak December quarter
  - $101 million use of cash from trade working capital
- Underlying, seasonally adjusted volumes generally improving
- Achieved run-rate savings of $405 million, exceeding cost-savings target
  - $92 million achieved in Q1 FY '10, $59 million above prior-year quarter
  - Benefit to selling, general and administrative expenses of $34 million vs. Q1 FY '09

[1] Refer to Ashland's first-quarter earnings release dated Jan. 26, 2010, for a reconciliation of adjusted pro forma amounts to amounts reported under GAAP. This earnings release can be found on Ashland's website at http://investor.ashland.com.

[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.

Key Items Affecting Income[1]

($ millions, except EPS) Preliminary Q1 FY2010	Ashland Aqualon Functional Ingredients	Ashland Hercules Water Technologies	Unallocated and Other	Total	Aftertax Earnings per Share
Discrete income tax effects	$ -	$ -	$ -	$ 6	$ 0.08
Q1 FY2009					
Items affecting operating income					
Purchase accounting adjustments:					
Inventory fair value adjustment	$ (14)	$ (7)	$ -	$ (21)	$ (0.23)
In-process R&D amortization	(5)	(5)	-	(10)	(0.14)
Severance and accelerated depreciation	-	(2)	(24)	(26)	(0.29)
Other expenses					
Cross-currency swaps	-	-	-	(54)	(0.51)
Auction-rate securities	-	-	-	(32)	(0.45)
Discrete income tax effects	-	-	-	(25)	(0.36)
Total					$ (1.98)

- Hercules operating income for Oct. 1 through Nov. 13, 2008, amounted to $24 million
  - EPS impact of 11 cents
- Intangible amortization expense of $18 million in Q1 FY '10 vs. $13 million in Q1 FY '09
  - EPS impact of 15 cents and 12 cents, respectively
- Income from discontinued operations of $10 million aftertax in Q1 FY '10 primarily related to adjustments to Ashland asbestos insurance receivables
  - EPS impact of 13 cents

[1] All amounts pretax, except EPS, discrete tax effects and where otherwise noted.

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Adjusted Pro Forma EBITDA

($ in millions) Preliminary	Fiscal First Quarter Three months ended Dec. 31, 2009	2008	Change	Three months ended Sept. 30, 2009	Change
Sales	$ 2,020	$ 2,233	(10) %	$ 2,113	(4) %
Gross profit as a percent of sales	24.1 %	18.8 %	530 bp	24.4 %	(30) bp
Selling, general and admin./R&D costs	$ 354	$ 362	(2) %	$ 383	(8) %
Operating income	$ 146	$ 74	97 %	$ 142	3 %
Operating income as a percent of sales	7.2 %	3.3 %	390 bp	6.7 %	50 bp
Earnings before interest, taxes, depreciation and amortization (EBITDA)	$ 226	$ 147	54 %	$ 224	1 %
EBITDA as a percent of sales	11.2 %	6.6 %	460 bp	10.6 %	60 bp

- Improved EBITDA driven by price management, lower raw material costs and cost reductions

NOTE: Refer to Ashland's earnings releases, dated Jan. 26, 2010, and Oct. 28, 2009, for a reconciliation of these adjusted pro forma amounts to amounts reported under GAAP. These earnings releases can be found on Ashland's website at http://investor.ashland.com.

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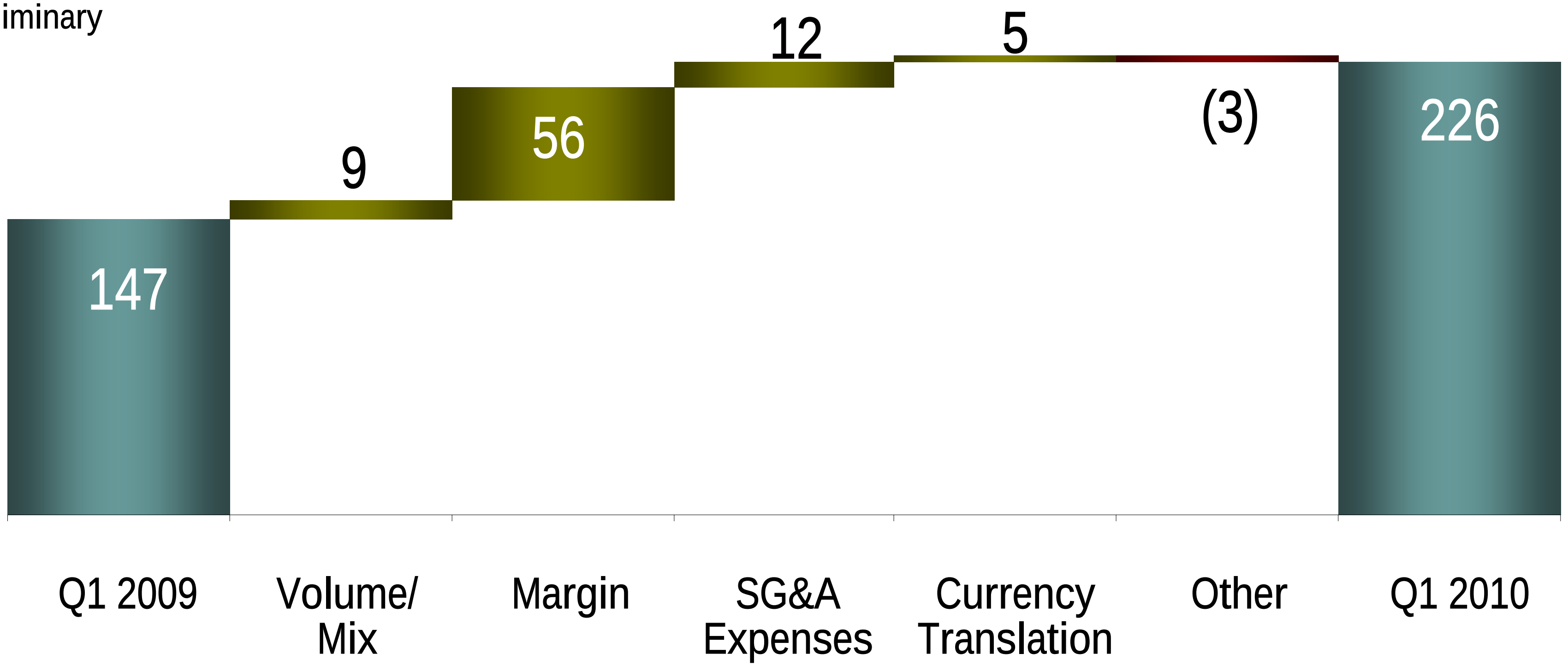
Q1 FY 2009 vs. Q1 FY 2010

Factors Impacting Adjusted Pro Forma EBITDA

($ millions)
Preliminary



- Improved margins resulting from lower raw material and manufacturing costs

Ashland Aqualon Functional Ingredients

Adjusted Pro Forma Results Summary

($ in millions) Preliminary	Fiscal First Quarter Three months ended Dec. 31,			Three months ended Sept. 30,	
	2009	2008	Change	2009	Change
Metric tons sold (in thousands)	37.4	44.3	(16) %	42.0	(11) %
Sales	$ 210	$ 231	(9) %	$ 237	(11) %
Gross profit as a percent of sales	33.7 %	29.0 %	470 bp	35.6 %	(190) bp
Selling, general and admin./R&D costs	$ 44	$ 42	5 %	$ 53	(17) %
Operating income	$ 27	$ 27	- %	$ 31	(13) %
Operating income as a percent of sales	12.9 %	11.7 %	120 bp	13.1 %	(20) bp
Earnings before interest, taxes, depreciation and amortization (EBITDA)	$ 54	$ 49	10 %	$ 56	(4) %
EBITDA as a percent of sales	25.7 %	21.2 %	450 bp	23.6 %	210 bp

- Increased EBITDA and EBITDA margin versus Q1 FY '09
- New product sales represent 23% of total
- Announced pending sale of Pinova wood rosin and terpenes business

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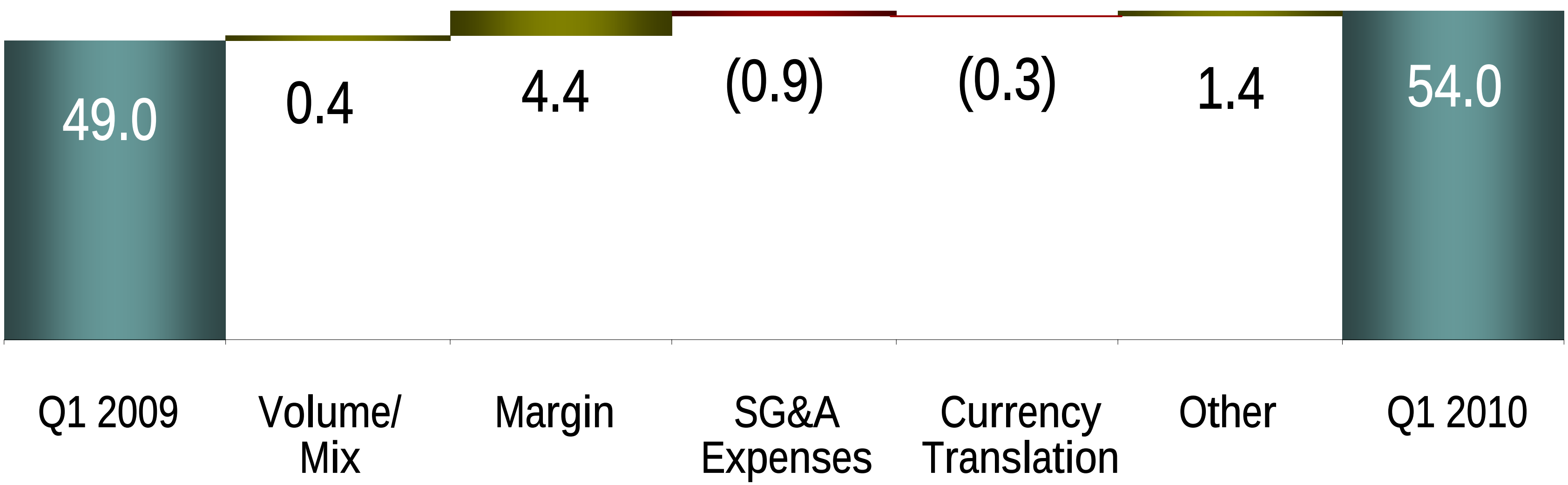
Ashland Aqualon Functional Ingredients
Factors Impacting Adjusted Pro Forma EBITDA

($ millions)
Preliminary

Q1 FY 2009 versus Q1 FY 2010



- Volume declines primarily in construction and energy & specialties markets, but favorable industry mix
- Margin improvement led by lower raw material costs

Ashland Hercules Water Technologies

Adjusted Pro Forma Results Summary

($ in millions) Preliminary	Fiscal First Quarter Three months ended Dec. 31, 2009	2008	Change	Three months ended Sept. 30, 2009	Change
Sales	$ 443	$ 473	(6) %	$ 465	(5) %
Gross profit as a percent of sales	36.6 %	30.0 %	660 bp	36.7 %	(10) bp
Selling, general and admin./R&D costs	$ 123	$ 129	(5) %	$ 132	(7) %
Operating income	$ 39	$ 13	200 %	$ 39	- %
Operating income as a percent of sales	8.8 %	2.7 %	610 bp	8.4 %	40 bp
Earnings before interest, taxes, depreciation and amortization (EBITDA)	$ 63	$ 34	85 %	$ 66	(5) %
EBITDA as a percent of sales	14.2 %	7.2 %	700 bp	14.2 %	- bp

- Record December-quarter EBITDA
- Sold Drew Marine business effective Aug. 31, 2009

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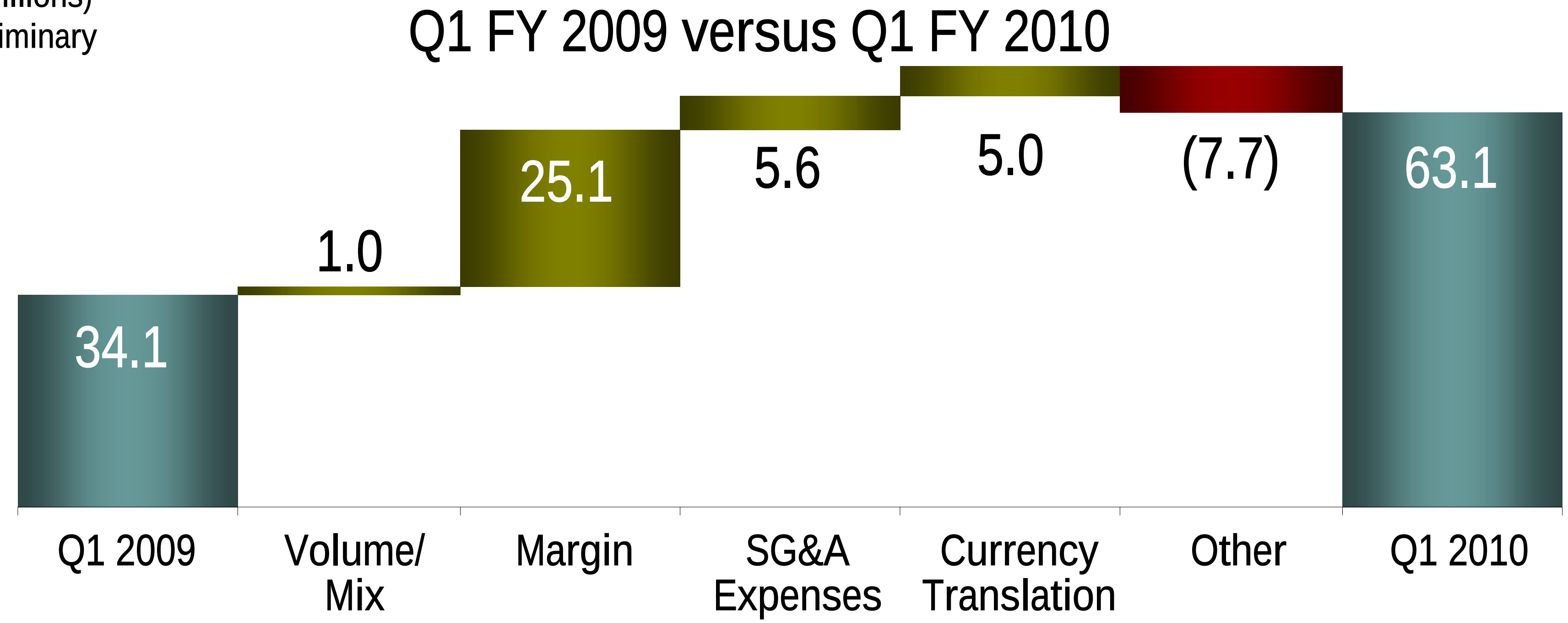
Ashland Hercules Water Technologies

Factors Impacting Adjusted Pro Forma EBITDA

($ millions)
Preliminary



- Gross profit percentage improved significantly due to reduced raw material and manufacturing expenses
- Continued improvements in selling, general and administrative expenses due to integration activities and reduced travel expenses

Ashland Performance Materials

Adjusted Pro Forma Results Summary

($ in millions) Preliminary	Fiscal First Quarter Three months ended Dec. 31, 2009	2008	Change	Three months ended Sept. 30, 2009	Change
Pounds/day (in millions)	4.0	4.3	(7) %	3.9	3 %
Sales	$ 271	$ 324	(16) %	$ 268	1 %
Gross profit as a percent of sales	18.4 %	15.9 %	250 bp	17.5 %	90 bp
Selling, general and admin./R&D costs	$ 48	$ 53	(9) %	$ 51	(6) %
Operating income (loss)	$ 8	$ 5	60 %	$ (1)	N.M.
Operating income (loss) as a percent of sales	3.0 %	1.5 %	150 bp	(0.4) %	340 bp
Earnings before interest, taxes, depreciation and amortization (EBITDA)	$ 21	$ 18	17 %	$ 12	75 %
EBITDA as a percent of sales	7.7 %	5.6 %	210 bp	4.5 %	320 bp

- 3% volume and 75% EBITDA increases sequentially despite seasonality

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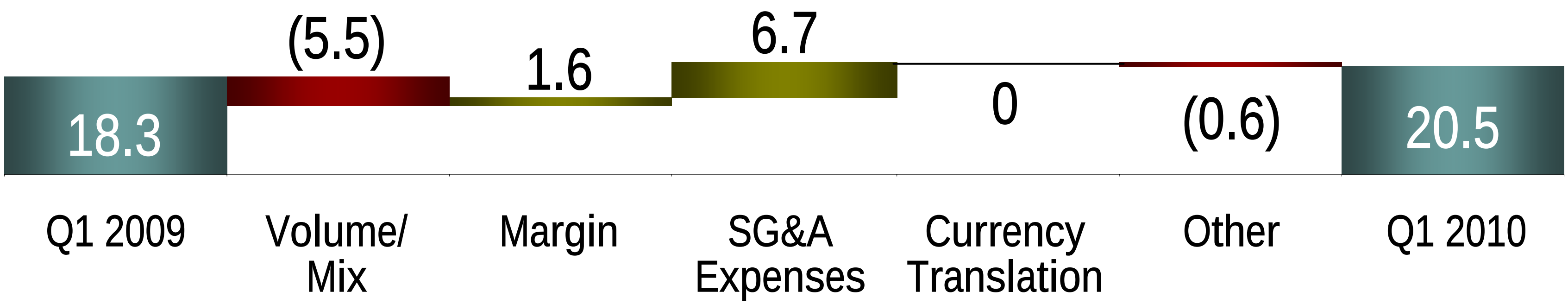
Ashland Performance Materials

Factors Impacting Adjusted Pro Forma EBITDA

($ millions)
Preliminary

Q1 FY 2009 versus Q1 FY 2010



- Improved selling, general and administrative expenses more than offset lower volumes

Ashland Consumer Markets (Valvoline)

Adjusted Pro Forma Results Summary

($ in millions) Preliminary	Fiscal First Quarter Three months ended Dec. 31, 2009	2008	Change	Three months ended Sept. 30, 2009	Change
Lubricant gallons (in millions)	40.3	33.0	22 %	42.4	(5) %
Sales	$ 400	$ 388	3 %	$ 414	(3) %
Gross profit as a percent of sales	33.9 %	21.8 %	1,210 bp	35.5 %	(160) bp
Selling, general and admin./R&D costs	$ 76	$ 69	10 %	$ 83	(8) %
Operating income	$ 67	$ 19	253 %	$ 69	(3) %
Operating income as a percent of sales	16.8 %	4.9 %	1,190 bp	16.7 %	10 bp
Earnings before interest, taxes, depreciation and amortization (EBITDA)	$ 76	$ 28	171 %	$ 79	(4) %
EBITDA as a percent of sales	19.0 %	7.2 %	1,180 bp	19.1 %	(10) bp

- Record first-quarter EBITDA
- Four consecutive quarters with EBITDA margin greater than 18%

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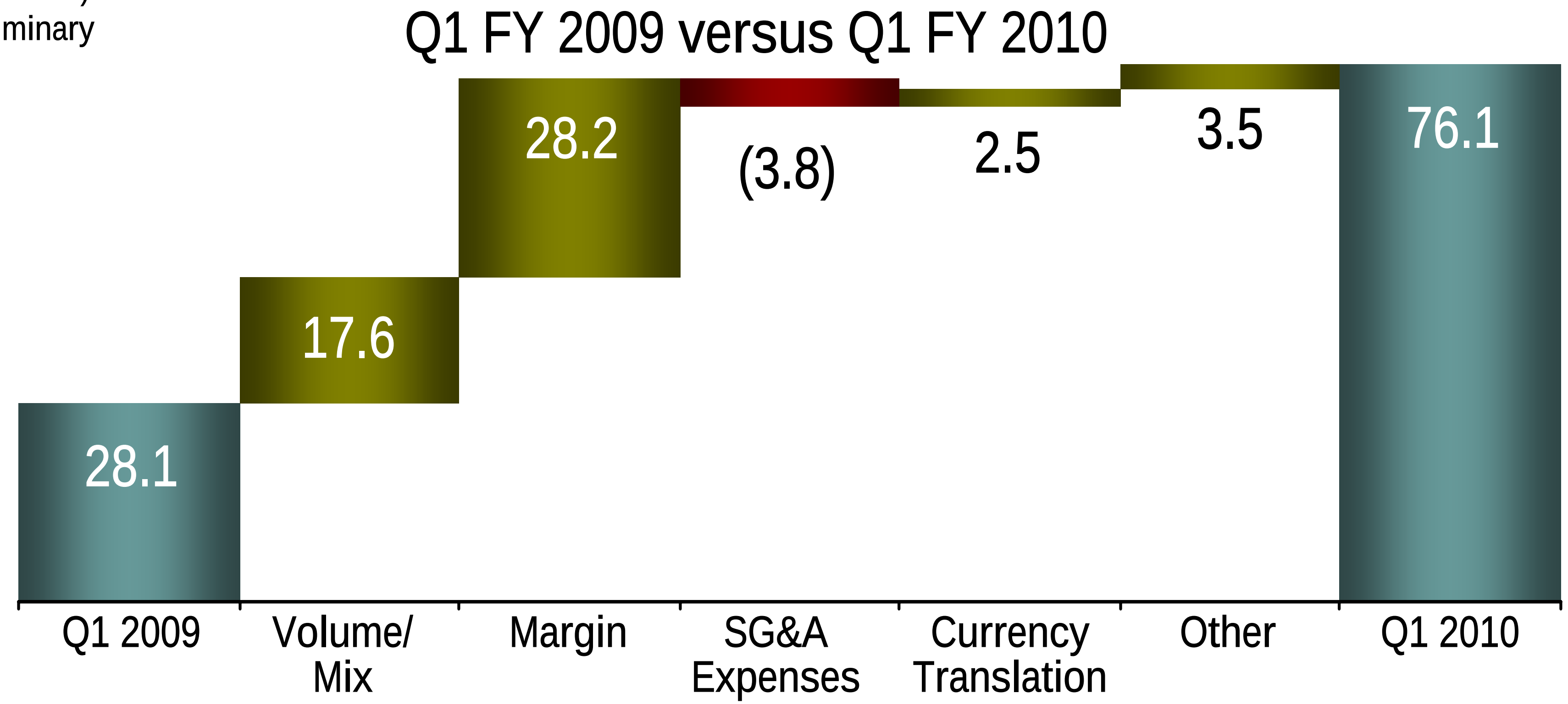
Ashland Consumer Markets (Valvoline)

Factors Impacting EBITDA

($ millions)
Preliminary



- Margin improvement driven by effective price management, lower raw materials costs, cost-savings initiatives and improved mix
- Valvoline Instant Oil Change® grew same-store sales 4%

Ashland Distribution

Adjusted Pro Forma Results Summary

($ in millions) Preliminary	Fiscal First Quarter Three months ended Dec. 31,			Three months ended Sept. 30,	
	2009	2008	Change	2009	Change
Pounds/day (in millions)	14.3	15.5	(8) %	14.9	(4) %
Sales	$ 729	$ 853	(15) %	$ 771	(5) %
Gross profit as a percent of sales	9.2 %	8.6 %	60 bp	8.8 %	40 bp
Selling, general and admin./R&D costs	$ 62	$ 65	(5) %	$ 63	(2) %
Operating income	$ 6	$ 10	(40) %	$ 5	20 %
Operating income as a percent of sales	0.8 %	1.2 %	(40) bp	0.6 %	20 bp
Earnings before interest, taxes, depreciation and amortization (EBITDA)	$ 13	$ 18	(28) %	$ 12	8 %
EBITDA as a percent of sales	1.8 %	2.1 %	(30) bp	1.6 %	20 bp

- EBITDA and EBITDA margin slightly improved sequentially despite seasonality
- Volume declined 3% vs. prior year on a comparable basis

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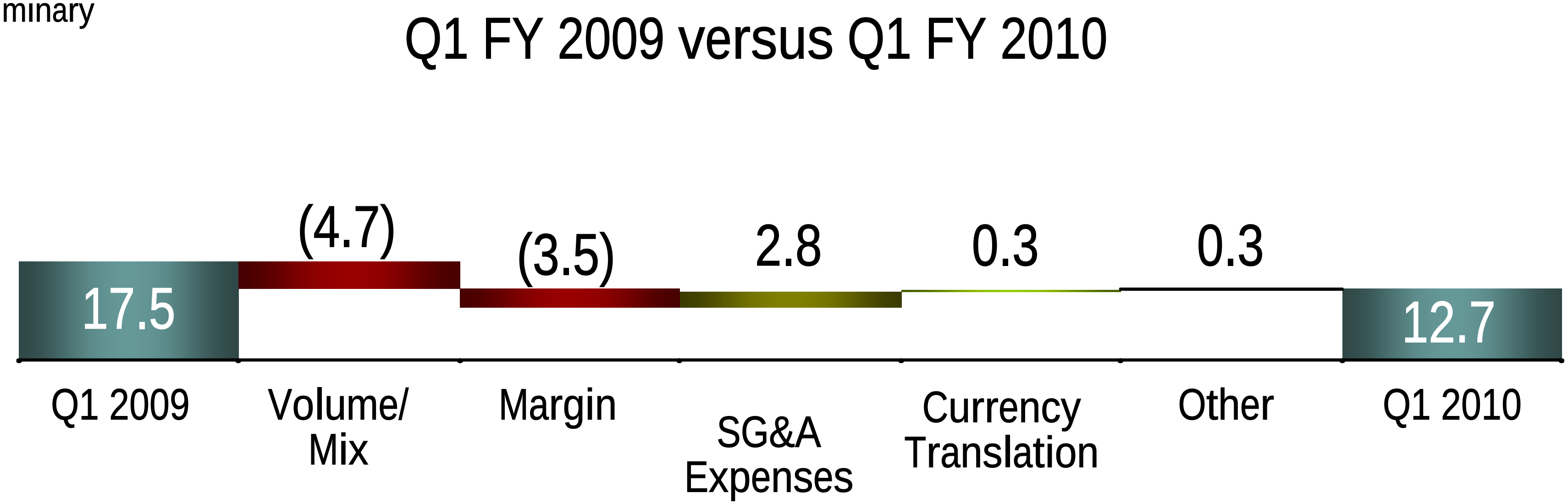
Ashland Distribution

Factors Impacting EBITDA

($ millions)
Preliminary



- Plastics volume grew 6%, while chemicals declined 8% on comparable basis

Corporate Items

- Debt status
  - Corporate rating of Ba2/stable from Moody's and BB/stable from S&P
  - Debt-to-EBITDA ratio of 1.6x
  - Possible refinancing in March quarter, potential book interest-expense reduction of ~$30 million to $40 million annually
- Capital expenditures of $21 million in quarter
  - FY 2010 forecast: $200 million
- Sold $44 million of Student Loan Auction-Rate Securities
  - $126 million book value remaining
- Expected fiscal 2010 effective tax rate: low- to mid-30s
- Divestiture of Pinova wood rosin and terpenes business expected to close during March quarter
  - $75 million purchase price; ~$85 million in sales
- $100 million stock contribution to pension plan
- Fully diluted shares at Jan. 1, 2010: 80 million
- Incremental savings from cost-reduction initiatives over prior-year: ~$30 million in Q2 and $10 million to $15 million in Q3 and Q4

Business Outlook

Commercial Unit	Nearer Term Trends and Outlook	Targeted Midcycle EBITDA Margin
Ashland Aqualon Functional Ingredients	• Obtained new business, should maintain operating margins • Growth in regulated industries and coatings additives	25% to 27%
Ashland Hercules Water Technologies	• Contract renewals neutral to slightly positive to margins • Continued pricing and cost management to offset any raw material cost increases	16% to 18%
Ashland Performance Materials	• Modest improvement in automotive, marine and RV markets • Price increases to counter rising raw materials costs	12% to 14%
Ashland Consumer Markets (Valvoline)	• Base oil cost increase of ~20¢ announced in January • Expect fiscal 2010 results to be close to fiscal 2009 record results	High teens
Ashland Distribution	• Improved automotive and marine markets • Significant January price increases	4%

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Summary

- All businesses performing better, with improving volumes
- Raw material costs
  - Key challenge if they continue to increase
- Continue to emphasize free cash flow generation
- Capital redeployment needs to generate attractive return on investment and value for shareholders
- Well-positioned to take advantage of rebound in economy
- Starting to exhibit financial profile of a specialty chemicals company:
  - Consistent earnings
  - Gross margins (low to mid-20s)
  - Cash flows

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