



# Third-Quarter Fiscal 2011 Earnings

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July 28, 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. In addition, Ashland may from time to time make forward-looking statements in its other filings with the Securities and Exchange Commission (SEC), news releases and other written and oral communications. These forward-looking statements are based on Ashland's expectations and assumptions, as of the date such statements are made, regarding Ashland's future operating performance and financial condition, the economy and other future events or circumstances. Ashland's expectations and assumptions include, without limitation, internal forecasts and analyses of current and future market conditions and trends, management plans and strategies, operating efficiencies and economic conditions (such as prices, supply and demand, cost of raw materials, and the ability to recover raw-material cost increases through price increases), and risks and uncertainties associated with the following: the pending acquisition of International Specialty Products Inc. (ISP) (including the possibility that the benefits anticipated from the acquisition of ISP will not be fully realized, the possibility that the transaction may not close and the possibility that financing may not be available on the terms committed), the substantial indebtedness Ashland will incur to finance the acquisition of ISP (including the possibility that such debt and related restrictive covenants may adversely affect Ashland's future cash flows, results of operations, financial condition and its ability to repay debt), weather, natural disasters, and legal proceedings and claims (including environmental and asbestos matters). Various risks and uncertainties may cause actual results to differ materially from those stated, projected or implied by any forward-looking statements, including, without limitation, risks and uncertainties affecting Ashland that are described in its most recent Form 10-K (including Item 1A Risk Factors) and Forms 10-Q filed with the SEC, which are available on Ashland's website at <http://investor.ashland.com> or on the SEC's website at [www.sec.gov](http://www.sec.gov). Ashland believes its expectations and assumptions are reasonable, but there can be no assurance that the expectations reflected herein will be achieved. Ashland undertakes no obligation to subsequently update any forward-looking statements made in this presentation or otherwise except as required by securities or other applicable law.

## Regulation G: Adjusted and Pro Forma Results

The information presented herein regarding certain unaudited adjusted and 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 and pro forma information to assist in understanding the operating performance of the company and its reporting segments. The non-GAAP and pro forma information provided may not be consistent with the methodologies used by other companies. All non-GAAP information related to previous Ashland filings with the SEC has been reconciled with reported GAAP results.

## Fiscal Third Quarter 2011

# Highlights<sup>1</sup>

- Announced acquisition of International Specialty Products Inc. (ISP)
- Reported EPS from continuing operations of 86 cents
  - Adjusted EPS of 92 cents versus \$1.01 in 2010 June quarter
- Achieved 13% sales growth over June 2010 quarter, to \$1.7 billion
- Ongoing pricing efforts to recover lost margins
- Adjusted EBITDA of \$194 million
- Returned value to shareholders
  - Increased annual dividend rate to 70 cents
  - Repurchased 1.2 million shares of Ashland stock

<sup>1</sup> Ashland's second-quarter earnings release dated July 28, 2011, available on Ashland's website at <http://investor.ashland.com>, reconciles adjusted amounts to amounts reported under GAAP.

# Fiscal Third Quarter – Continuing Operations

## Key Items Affecting Income

(\$ in millions, except EPS) Preliminary	Operating Income					Total		
	Ashland Aqualon Functional Ingredients	Ashland Hercules Water Tech- nologies	Ashand Performance Materials	Ashand Consumer Markets (Valvoline)	Unallocated and Other	Pretax	Aftertax	Earnings per Share
<b>2011</b>								
Accelerated depreciation			\$ (2)			\$ (2)	\$ (2)	\$ (0.02)
Environmental reserves					\$ (6)	(6)	(3)	\$ (0.04)
Total			\$ (2)		\$ (6)	\$ (8)	\$ (5)	\$ (0.06)
<b>2010</b>								
Net gain on purchase of Ara Quimica JV						\$ 23	\$ 20	\$ 0.25
R & D tax credit						-	22	0.28
European legal-entity-restructuring tax expense						-	(6)	(0.08)
Total						\$ 23	\$ 36	\$ 0.45

# Adjusted Results Summary<sup>1</sup>

(\$ in millions) Preliminary	Fiscal Third Quarter Three months ended June 30,			Three months ended March 31,	
	2011	2010	Change	2011	Change
Sales	\$ 1,667	\$ 1,478	13 %	\$ 1,557	7 %
Gross profit as a percent of sales	26.0 %	29.8 %	(380) bp	27.5 %	(150) bp
Selling, general and admin./R&D costs	\$ 320	\$ 314	2 %	\$ 314	2 %
Operating income	\$ 128	\$ 139	(8) %	\$ 128	- %
Operating income as a percent of sales	7.7 %	9.4 %	(170) bp	8.2 %	(50) bp
Depreciation and amortization	\$ 66	\$ 68	(3) %	\$ 64	3 %
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 194	\$ 207	(6) %	\$ 192	1 %
EBITDA as a percent of sales	11.6 %	14.0 %	(240) bp	12.3 %	(70) bp

- Sales growth driven by increased volumes and pricing
- Gross profit decline due to significant raw-material cost escalation in each commercial unit

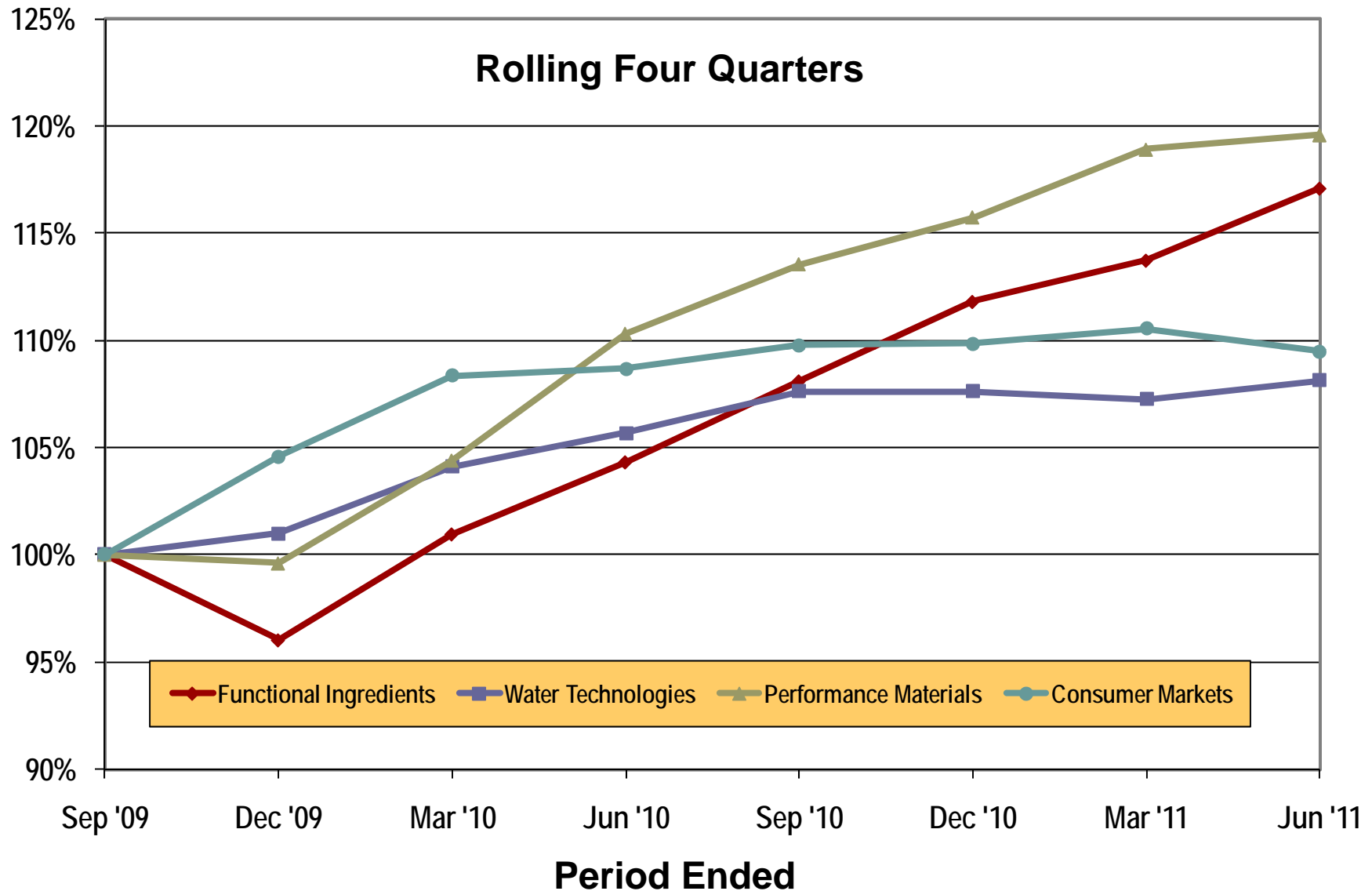
<sup>1</sup> Ashland's earnings releases, dated July 28 and April 26, 2011, available on Ashland's website at <http://investor.ashland.com>, reconcile adjusted amounts to amounts reported under GAAP.

# Sequential Pricing Actions and Costs

(in millions) Change in Raw Material Costs	Quarter Ended			
	Sept. 30, 2010	Dec. 31, 2010	Mar. 31, 2011	June 30, 2011
Ashland Aqualon Functional Ingredients	\$ 3	\$ 4	\$ 5	\$ 5
Ashland Hercules Water Technologies	4	8	9	10
Ashland Performance Materials	(2)	2	10	11
Ashland Consumer Markets	22	(2)	10	31
<b>Ashland Raw-Material Cost Increases</b>	<b>\$ 27</b>	<b>\$ 12</b>	<b>\$ 34</b>	<b>\$ 57</b>
<b>Ashland Price Increases</b>	<b>\$ 15</b>	<b>\$ 30</b>	<b>\$ 31</b>	<b>\$ 57</b>

- Significant cost increases in each commercial unit
- June quarter increases particularly high for Ashland overall

# Normalized Volume Trends<sup>1</sup>

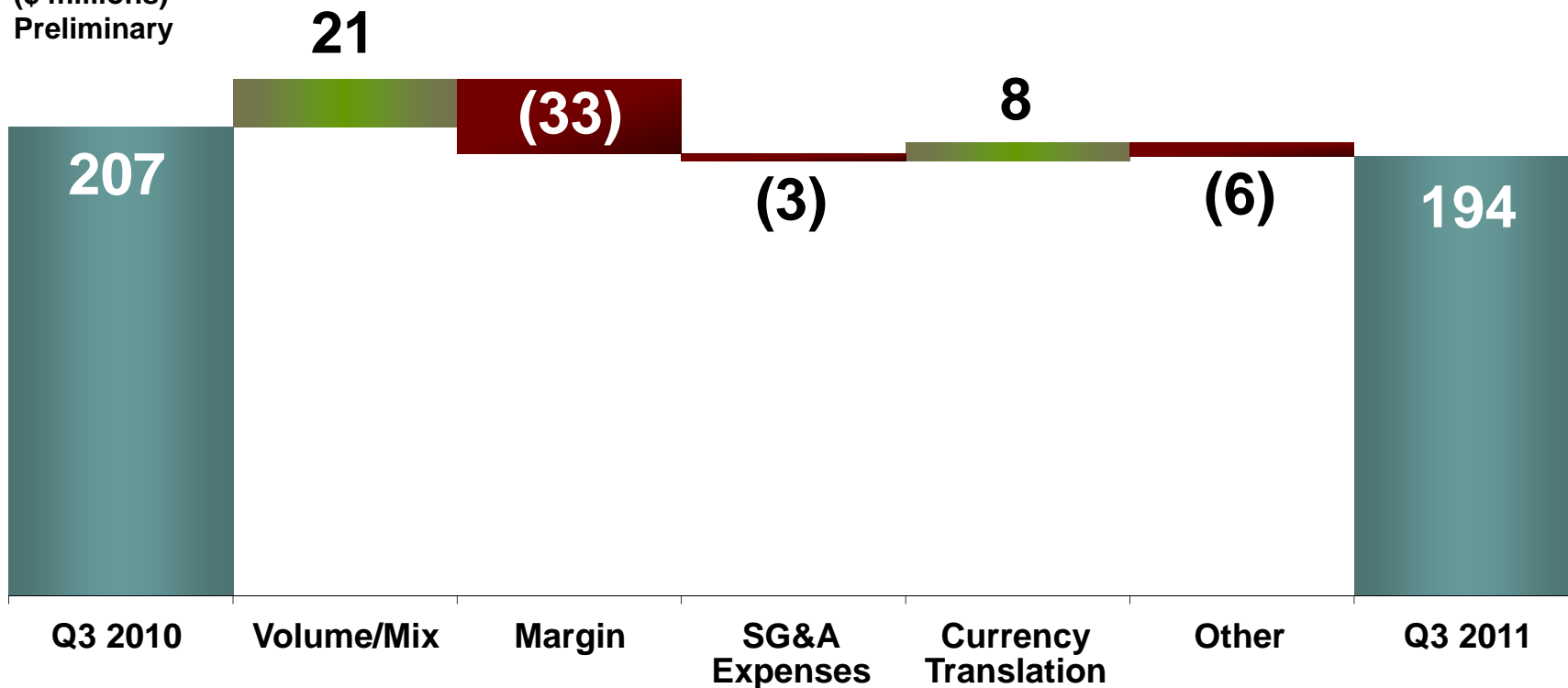


<sup>1</sup> Excludes volumes associated with Casting Solutions and divested Pinova and Drew Marine businesses for all periods. Includes volumes associated with Ara Quimica for all periods.

Q3 FY 2010 vs. Q3 FY 2011

# Factors Impacting Adjusted EBITDA

(\$ millions)  
Preliminary



- Good volume growth over prior-year quarter
- Margin contraction led to lower EBITDA
  - Offsetting price increases continue to be announced



# Liquidity and Net Debt

(\$ in millions)

Liquidity	At June 30, 2011
Cash	\$ 1,045
Available revolver capacity	471
<b>Liquidity</b>	<b>\$ 1,516</b>

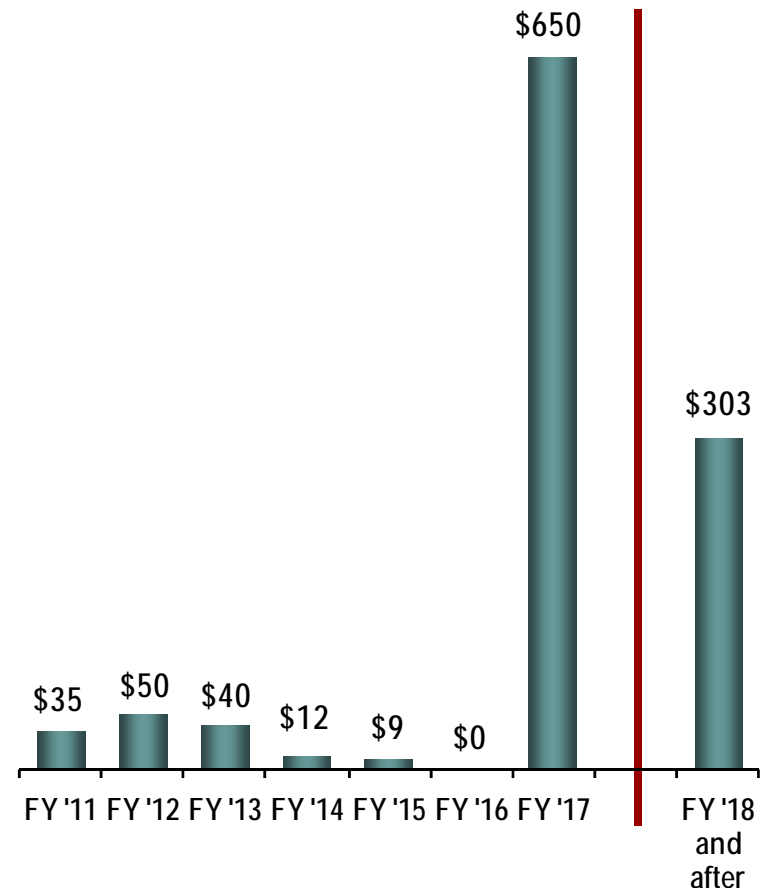
Debt	Expiration	Interest Rate	Moody's	S&P	At June 30, 2011
Revolver drawn <sup>1</sup>	03/2014	L+250	Baa2	BBB	\$ -
9.125% senior notes <sup>2</sup> , par \$650 million	06/2017	9.125%	Ba1	BB	632
6.5% debentures, par \$282 million	06/2029	6.50%	Ba2	BB-	127
Other debt		Various			162
<b>Total debt</b>			Ba1/ Positive	BB+/ Positive	<b>\$ 921</b>
Cash (excludes auction rate securities <sup>3</sup> )					\$ 1,045
<b>Net debt (cash)</b>					<b>\$ (124)</b>

<sup>1</sup> \$550 million facility, including ~\$79 million used for letters of credit

<sup>2</sup> Includes four-year, no-call provision.

<sup>3</sup> Excludes auction rate securities with book value of \$22 million.

## Scheduled Debt Repayments by Fiscal Year



# Ashland Aqualon Functional Ingredients Adjusted Results Summary<sup>1</sup>

(\$ in millions) Preliminary	Fiscal Third Quarter Three months ended June 30,			Three months ended March 31,	
	2011	2010	Change	2011	Change
Metric tons sold (in thousands)	46.4	41.5	12 %	42.8	8 %
Sales	\$ 303	\$ 227	33 %	\$ 270	12 %
Gross profit as a percent of sales	33.1 %	37.6 %	(450) bp	33.7 %	(60) bp
Selling, general and admin./R&D costs	\$ 51	\$ 52	(2) %	\$ 51	- %
Operating income	\$ 50	\$ 34	47 %	\$ 41	22 %
Operating income as a percent of sales	16.5 %	15.0 %	150 bp	15.2 %	130 bp
Depreciation and amortization	\$ 24	\$ 24	- %	\$ 23	4 %
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 74	\$ 58	28 %	\$ 64	16 %
EBITDA as a percent of sales	24.4 %	25.6 %	(120) bp	23.7 %	70 bp

- Significant volume and sales growth in all end markets
- Strong pricing was unable to fully restore margins

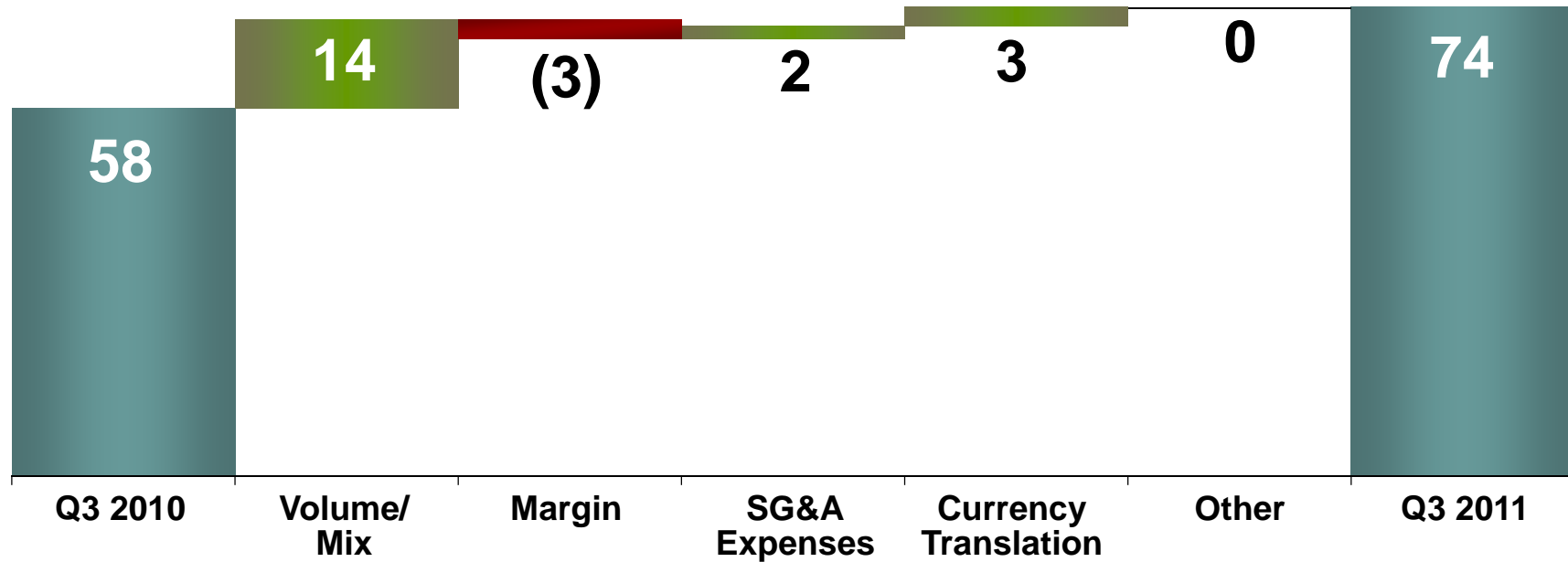
<sup>1</sup> Ashland's earnings releases, dated July 28 and April 26, 2011, available on Ashland's website at <http://investor.ashland.com>, reconcile adjusted amounts to amounts reported under GAAP.

## Ashland Aqualon Functional Ingredients

# Factors Impacting Adjusted EBITDA

(\$ millions)  
Preliminary

### Q3 FY 2010 versus Q3 FY 2011



- Volume gains drove EBITDA increase
- Margin decline reflects increased plant spending and energy usage

## Ashland Aqualon Functional Ingredients

# ISP Acquisition

- ISP and Functional Ingredients have similar characteristics
  - Technology-focused
  - History of strong growth and margins
  - Significant intellectual property
  - Highly tailored product solutions, having low cost in use
- Strategic benefits
  - Expands position in number of high-growth, high-margin end markets
  - Broadens Ashland's intellectual-property portfolio of water-soluble polymers and global R&D and applications capability
  - Deepens relationships with existing customers and enhances penetration of existing markets

## Ashland Aqualon Functional Ingredients

# ISP Integration

- Integration teams are actively developing detailed plans
- Four primary goals
  - Ensure smooth, orderly transition for customers
  - Achieve \$50 million of annualized cost synergies
  - Bring together best practices to enhance competitiveness
  - Leverage strengths of expanded business to accelerate growth

# Ashland Hercules Water Technologies Adjusted Results Summary<sup>1</sup>

(\$ in millions) Preliminary	Fiscal Third Quarter Three months ended June 30,			Three months ended March 31,	
	2011	2010	Change	2011	Change
Sales	\$ 490	\$ 431	14 %	\$ 471	4 %
Gross profit as a percent of sales	29.7 %	33.7 %	(400) bp	31.3 %	(160) bp
Selling, general and admin./R&D costs	\$ 124	\$ 120	3 %	\$ 123	1 %
Operating income	\$ 22	\$ 26	(15) %	\$ 27	(19) %
Operating income as a percent of sales	4.5 %	6.0 %	(150) bp	5.7 %	(120) bp
Depreciation and amortization	\$ 21	\$ 22	(5) %	\$ 20	5 %
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 43	\$ 48	(10) %	\$ 47	(9) %
EBITDA as a percent of sales	8.8 %	11.1 %	(230) bp	10.0 %	(120) bp

- Sales growth primarily driven by pricing efforts and currency translation
- Margin declines due to ongoing raw material pressures

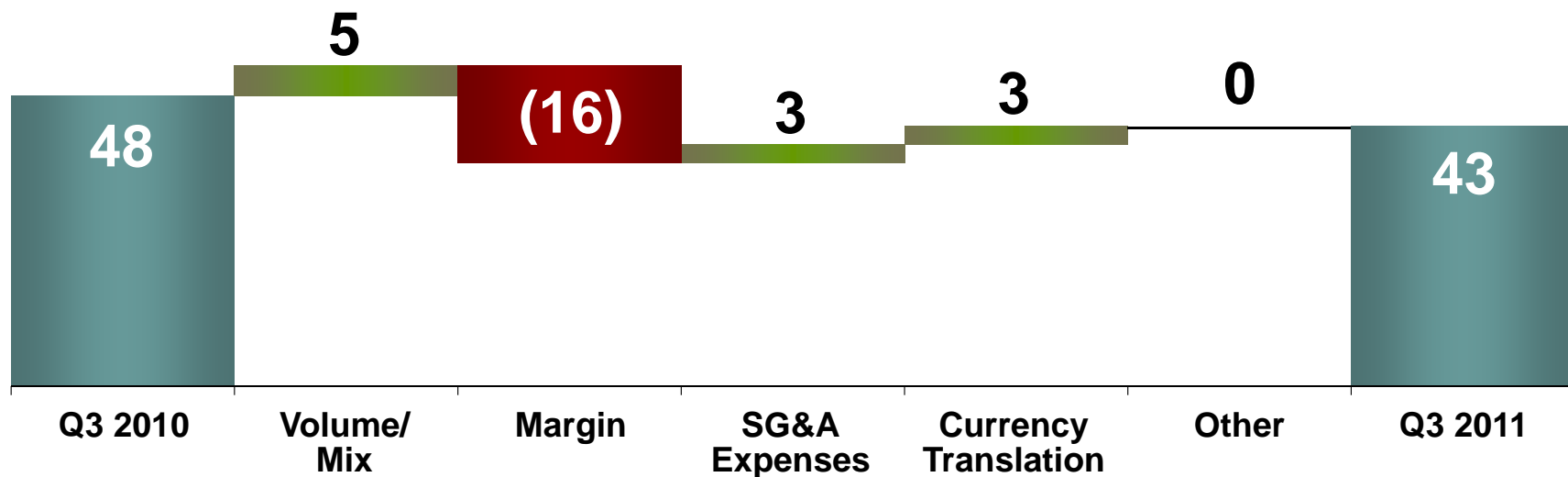
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## Ashland Hercules Water Technologies

# Factors Impacting Adjusted EBITDA

(\$ millions)  
Preliminary

## Q3FY 2010 versus Q3 FY 2011



- Volume growth of 3% over June 2010 quarter
- Raw-material cost escalation continues to pressure margins

# Ashland Performance Materials Adjusted Results Summary<sup>1</sup>

(\$ in millions) Preliminary	Fiscal Third Quarter Three months ended June 30,			Three months ended March 31,	
	2011	2010	Change	2011	Change
Pounds/day (in millions)	4.4	5.0	(12) %	4.4	- %
Sales	\$ 352	\$ 357	(1) %	\$ 325	8 %
Gross profit as a percent of sales	13.6 %	16.7 %	(310) bp	13.9 %	(30) bp
Selling, general and admin./R&D costs	\$ 39	\$ 51	(24) %	\$ 39	- %
Operating income	\$ 14	\$ 12	17 %	\$ 9	56 %
Operating income as a percent of sales	4.0 %	3.4 %	60 bp	2.8 %	120 bp
Depreciation and amortization	\$ 10	\$ 12	(17) %	\$ 11	(9) %
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 24	\$ 24	- %	\$ 20	20 %
EBITDA as a percent of sales	6.8 %	6.7 %	10 bp	6.2 %	60 bp

- Normalized sales up 17% over prior-year quarter
- Gross profit decline versus June 2010 quarter reflects effects of ASK Chemicals joint venture and higher raw material costs

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<sup>1</sup> Ashland's earnings releases, dated July 28 and April 26, 2011, available on Ashland's website at <http://investor.ashland.com>, reconcile adjusted amounts to amounts reported under GAAP.

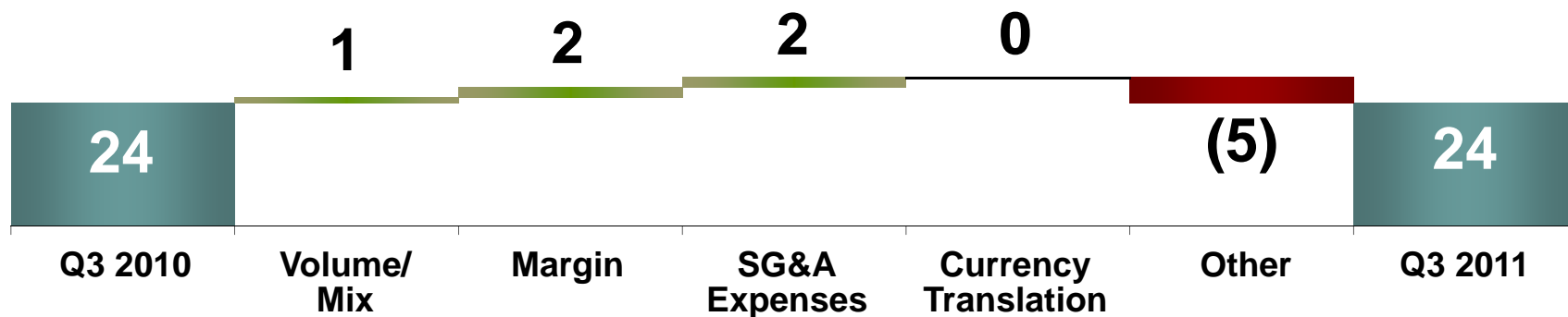


## Ashland Performance Materials

# Factors Impacting Adjusted EBITDA

(\$ millions)  
Preliminary

## Q3 FY 2010 versus Q3 FY 2011



- Making gains against raw material costs
- Effects of ASK Chemicals joint venture captured in Other

# Ashland Consumer Markets (Valvoline) Adjusted Results Summary<sup>1</sup>

(\$ in millions) Preliminary	Fiscal Third Quarter Three months ended June 30,			Three months ended March 31,	
	2011	2010	Change	2011	Change
Lubricant gallons (in millions)	44.5	46.2	(4) %	44.8	(1) %
Sales	\$ 522	\$ 463	13 %	\$ 491	6 %
Gross profit as a percent of sales	26.6 %	32.4 %	(580) bp	29.3 %	(270) bp
Selling, general and admin./R&D costs	\$ 92	\$ 82	12 %	\$ 87	6 %
Operating income	\$ 51	\$ 73	(30) %	\$ 62	(18) %
Operating income as a percent of sales	9.8 %	15.8 %	(600) bp	12.6 %	(280) bp
Depreciation and amortization	\$ 10	\$ 9	11 %	\$ 9	11 %
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 61	\$ 82	(26) %	\$ 71	(14) %
EBITDA as a percent of sales	11.7 %	17.7 %	(600) bp	14.5 %	(280) bp

- Margin compression due to April 1 and May 1 cost increases
  - Pricing will not offset until end of August

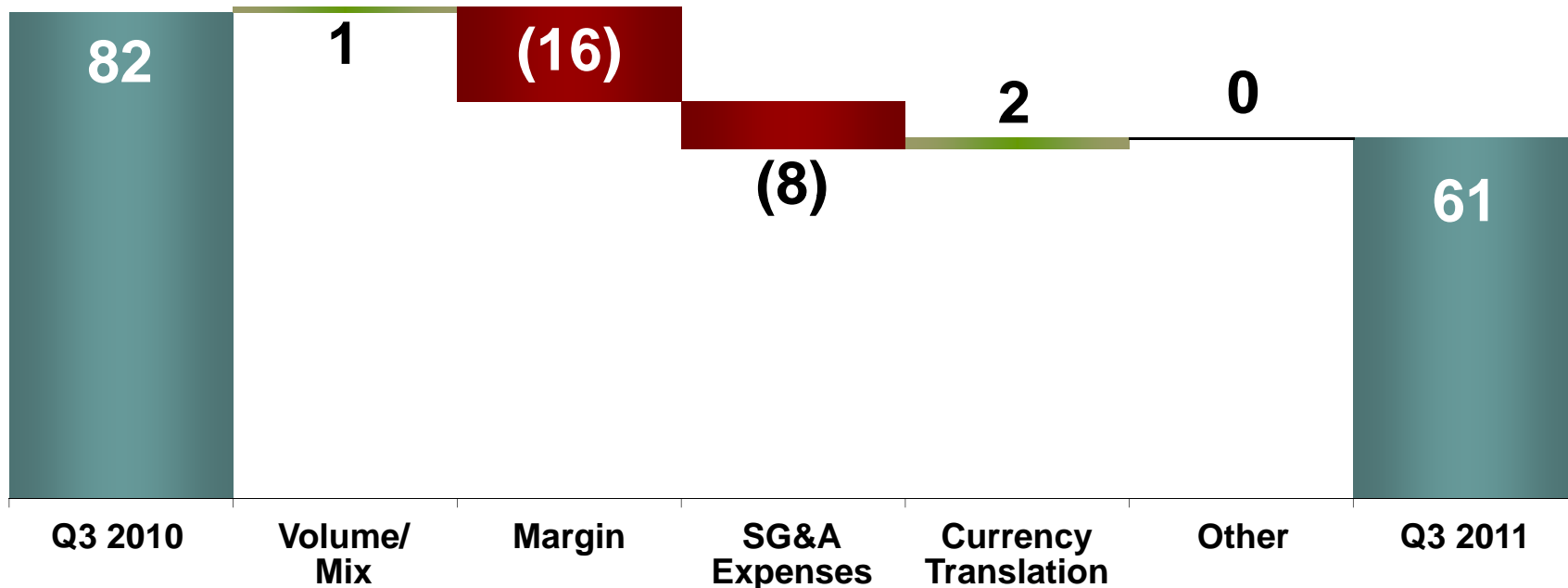
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## Ashland Consumer Markets (Valvoline)

# Factors Impacting Adjusted EBITDA

(\$ millions)  
Preliminary

## Q3 FY 2010 versus Q3 FY 2011



- Volume declines were offset by positive mix
- Margin declines and advertising investment in NextGen™ launch drove EBITDA decline

# Cost-Reduction Program

- Targeting \$90 million in annualized savings
  - \$40 million of stranded costs
  - \$50 million of ISP acquisition synergies
- Announced voluntary severance offer (VSO)
  - Offered to corporate resource groups, supply chain and Functional Ingredients personnel
- Also pursuing reductions in third-party spend and other cost-saving opportunities

# Transition Services Agreements

- Ashland providing support services through two Transition Services Agreements (TSAs)
  - Nexeo Solutions, formerly Ashland Distribution
  - ASK Chemicals joint venture with Süd-Chemie
- Offsets approximately \$40 million of annualized costs
- Services will be exited over time
  - Additional cost reductions to be taken as this occurs

## Fiscal Third Quarter

# Corporate Items

- Capital expenditures of \$44 million in quarter
- Net interest expense of \$22 million
- Effective tax rate of 30% for June quarter
  - Excludes key items
- Trade working capital of 14.6% of annualized sales
  - Consistent with March quarter

# ISP Acquisition Update

- Pending acquisition of ISP remains on track
- Improved financing package
  - Term Loan A of \$1.5 billion
  - Term Loan B of \$1.4 billion
  - Revolving credit facility of \$1.0 billion
- Incremental annual interest expense
  - Book interest of \$130 million
  - Cash interest of \$115 million

## Fiscal Third Quarter

# Performance Summary

- Ongoing pricing efforts not enough to overcome significant raw material inflation
- As compared with June 2010 quarter:
  - Volumes up 4%
  - Sales up 13%
  - EBITDA down 6% to \$194 million
- Free cash flow of \$(46) million in quarter

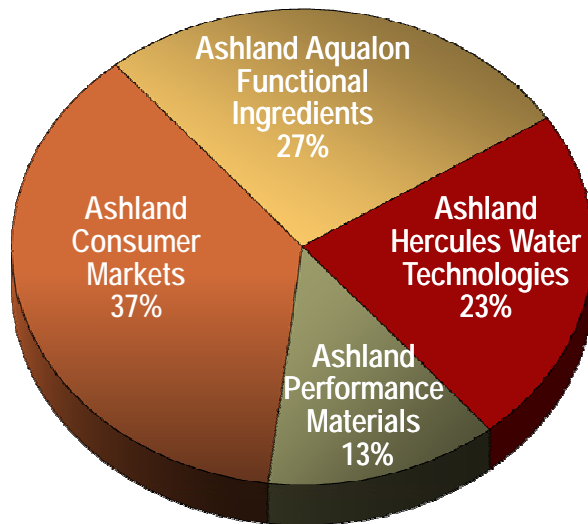


# Outlook and Summary

- Raw material costs still challenging
- Now entering seasonally weaker quarters
- Taking actions to reduce our costs
  - Voluntary severance offer
  - Reductions in third party spend
  - Other cost-saving opportunities
- Returning value to shareholders through mix of options
  - Repurchased 1.2 million shares during June quarter
  - Increased annual dividend rate to 70 cents per share
  - Pending acquisition of ISP

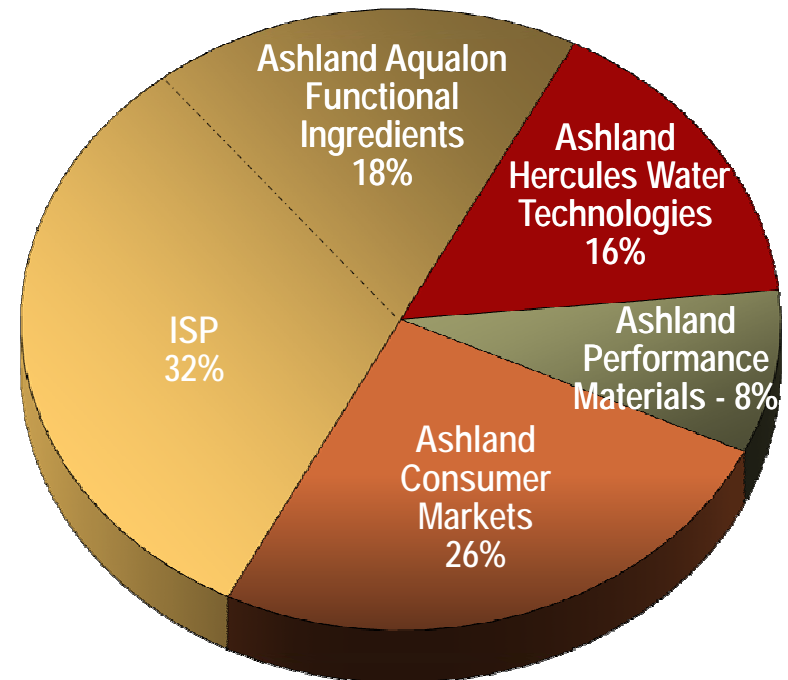
# Ashland EBITDA Transformation

## Today<sup>1</sup>



Revenue: \$6.0 billion  
 EBITDA: \$735 million  
 EBITDA%: 12.3%

## Pro Forma<sup>1</sup>



Revenue: \$7.6 billion  
 EBITDA: \$1.1 billion  
 EBITDA%: 14.5%

<sup>1</sup> For 12 months ended March 31, 2011.

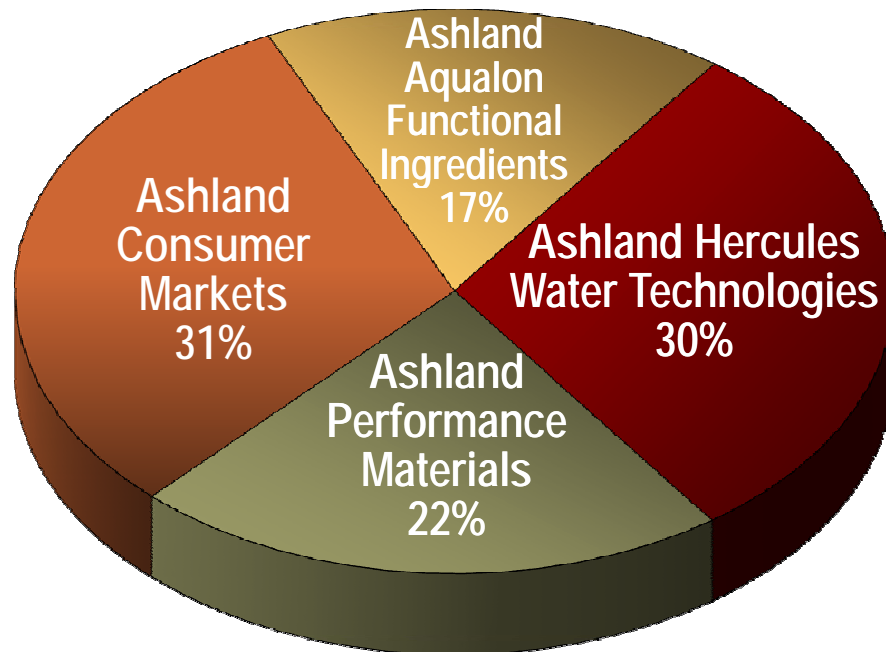


**Appendix A:  
Business Profiles  
12 Months Ended June 30, 2011**

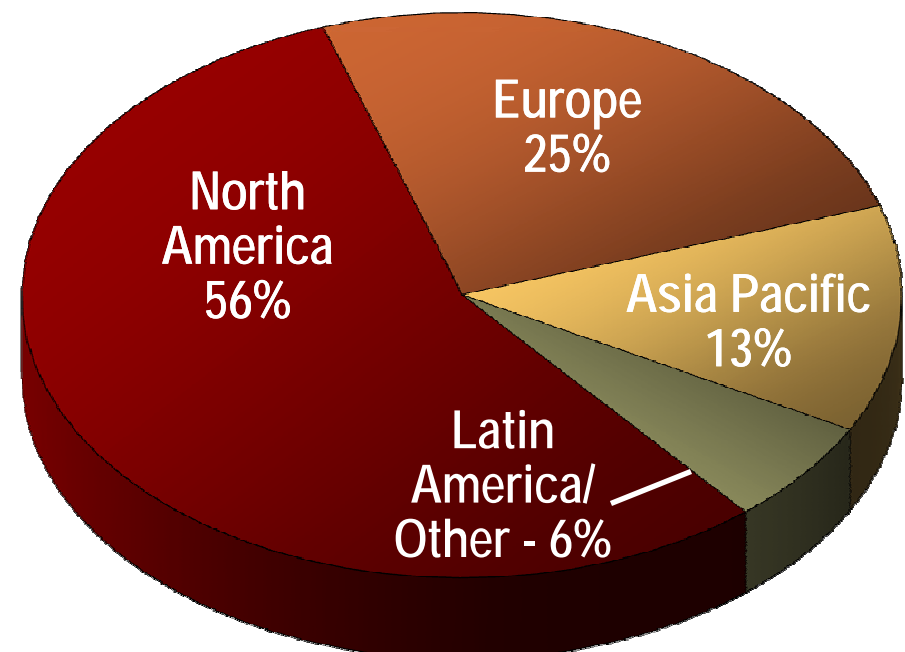
# Corporate Profile

Sales<sup>1</sup>: \$6.2 billion

By commercial unit



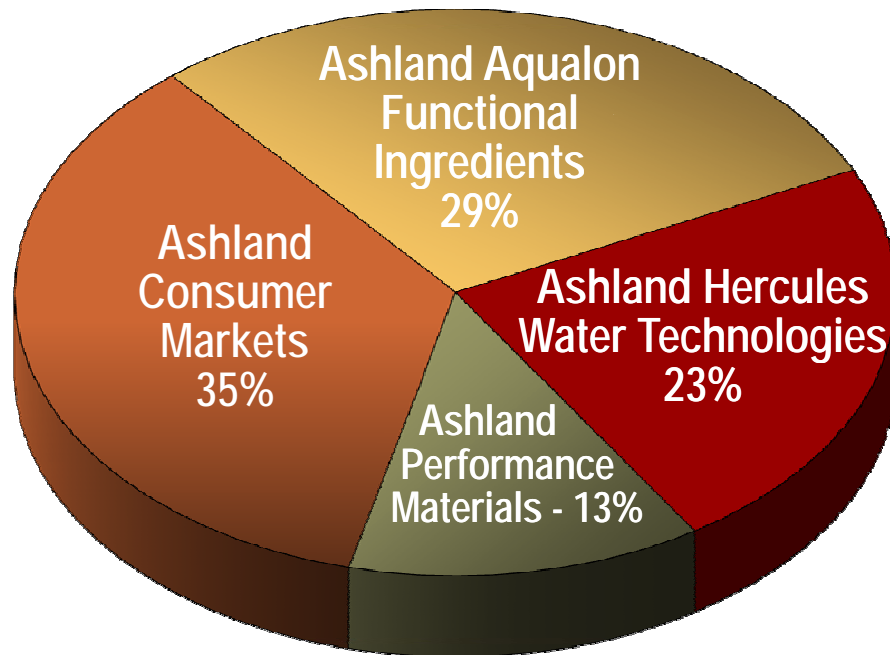
By geography



- 44% of total sales come from outside North America

# Corporate Profile

Adjusted EBITDA<sup>1</sup>: \$723 million



NYSE Ticker Symbol:	ASH
Total Employees:	~12,500
Outside North America	~40%
Number of Countries in Which Ashland Has Sales:	More than 100

- Approximately 30% of EBITDA comes from products derived from renewable materials

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<sup>1</sup> For 12 months ended June 30, 2011. See Appendix B for reconciliation to amounts reported under GAAP.

# Ashland Aqualon Functional Ingredients

A global leader in managing rheology of water-based systems

**Trailing 12 Months Ended June 30, 2011**

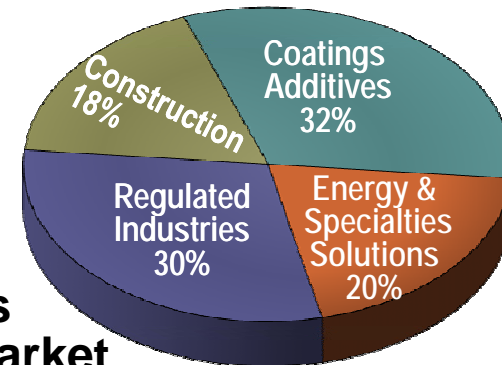
**Sales: \$1.0 billion**

**Adjusted EBITDA: \$224 million<sup>1</sup>**

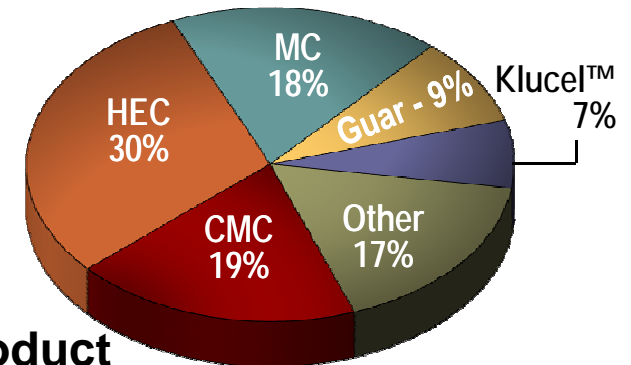
**Adjusted EBITDA Margin: 21.8%<sup>1</sup>**

Business Overview	
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Diversified, global customer base</li> </ul>
<b>Products</b>	<ul style="list-style-type: none"> <li>• Broad product line based on renewable resources                             <ul style="list-style-type: none"> <li>- Water-soluble polymers (cellulose ethers and guar derivatives)</li> </ul> </li> </ul>
<b>Markets</b>	<ul style="list-style-type: none"> <li>• Regulated markets                             <ul style="list-style-type: none"> <li>- Personal care</li> <li>- Pharmaceutical</li> <li>- Food</li> </ul> </li> <li>• Water-based paints</li> <li>• Oilfield (chemicals and drilling muds)</li> <li>• Construction</li> </ul>

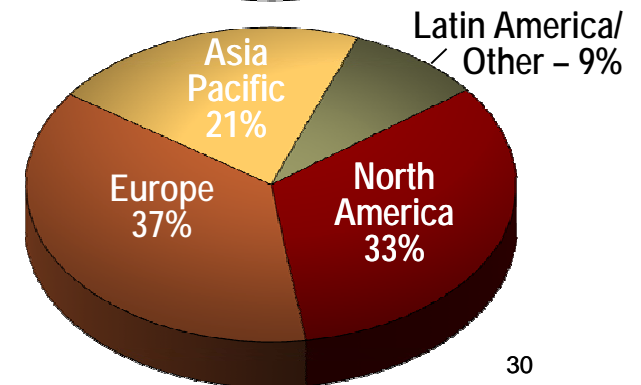
**Sales by Market**



**Sales by Product**



**Sales by Geography**



**ASHLAND**

<sup>1</sup> 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

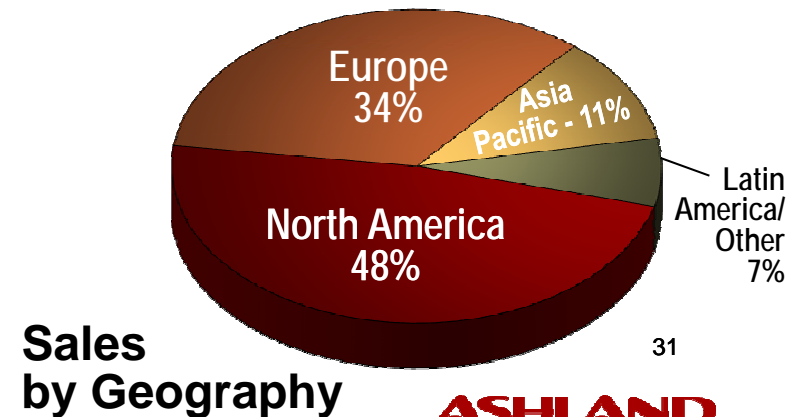
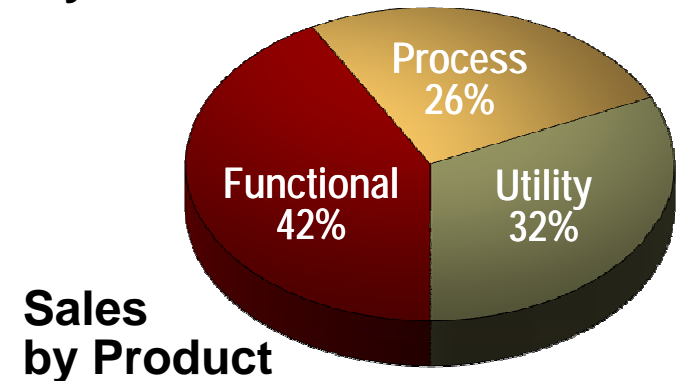
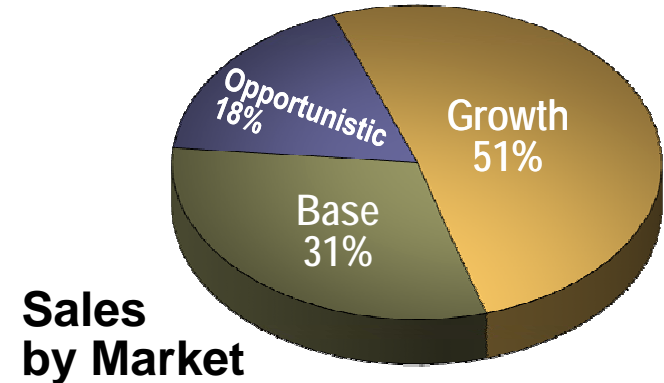
Trailing 12 Months Ended June 30, 2011

Sales: \$1.9 billion

Adjusted EBITDA: \$175 million<sup>1</sup>

Adjusted EBITDA Margin: 9.3%<sup>1</sup>

Business Overview	
<b>Customers/ Markets</b>	<ul style="list-style-type: none"> <li>• Growth                             <ul style="list-style-type: none"> <li>- Commercial and institutional</li> <li>- Food and beverage</li> <li>- Mining</li> <li>- Packaging</li> <li>- Tissue and towel</li> <li>- Pulp</li> </ul> </li> <li>• Base                             <ul style="list-style-type: none"> <li>- Printing and writing</li> <li>- Specialty chemicals</li> <li>- General manufacturing</li> </ul> </li> <li>• Opportunistic                             <ul style="list-style-type: none"> <li>- Lubricants</li> <li>- Municipal</li> <li>- Basic chemicals/ other</li> </ul> </li> </ul>
<b>Products/ Services</b>	<ul style="list-style-type: none"> <li>• Process chemicals: microbial and contaminant control, pulping aids, retention aids and defoamers</li> <li>• Utility water treatments</li> <li>• Functional chemicals: sizing/strength</li> </ul>



<sup>1</sup> See Appendix B for reconciliation to amounts reported under GAAP.

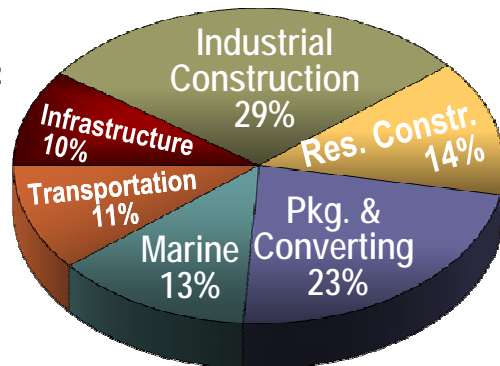
# Ashland Performance Materials

A global leader in specialty chemicals

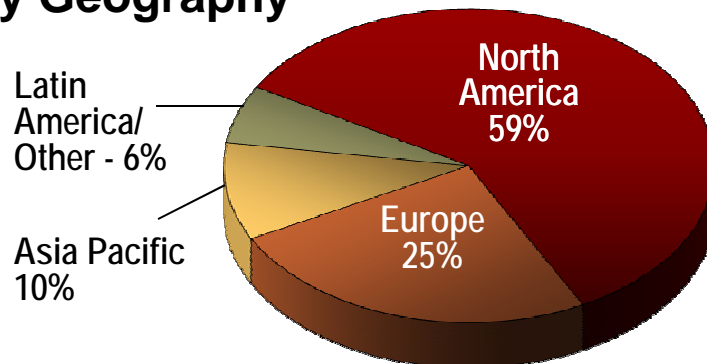
**Trailing 12 Months Ended June 30, 2011**

**Sales: \$1.4 billion**  
**Adjusted EBITDA: \$96 million<sup>1</sup>**  
**Adjusted EBITDA Margin: 7.1%<sup>1</sup>**

**Sales by Market<sup>2</sup>**



**Sales by Geography<sup>2</sup>**



<sup>1</sup> See Appendix B for reconciliation to amounts reported under GAAP.

<sup>2</sup> Excludes sales from Casting Solutions.

<sup>3</sup> Joint venture launched in December 2010. Ashland retains 50% interest.

Business Overview	
<b>Customers</b>	<ul style="list-style-type: none"> <li>• 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</li> </ul>
<b>Products/Services</b>	<ul style="list-style-type: none"> <li>• Composites and Adhesives               <ul style="list-style-type: none"> <li>- Unsaturated polyester resins</li> <li>- Vinyl ester resins</li> <li>- Gelcoats</li> <li>- Pressure-sensitive adhesives</li> <li>- Structural adhesives</li> <li>- Specialty resins</li> </ul> </li> <li>• Casting Solutions/ASK Chemicals<sup>3</sup> <ul style="list-style-type: none"> <li>- Foundry binder resins</li> <li>- Chemicals</li> <li>- Sleeves and filters</li> <li>- Design services</li> </ul> </li> </ul>
<b>Markets</b>	<ul style="list-style-type: none"> <li>• Construction, packaging and converting, marine and transportation</li> </ul>



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

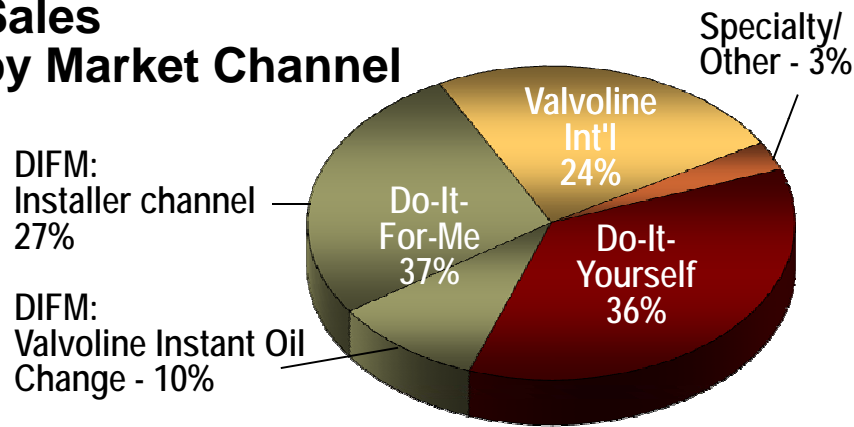
**Trailing 12 Months Ended June 30, 2011**

**Sales: \$1.9 billion**

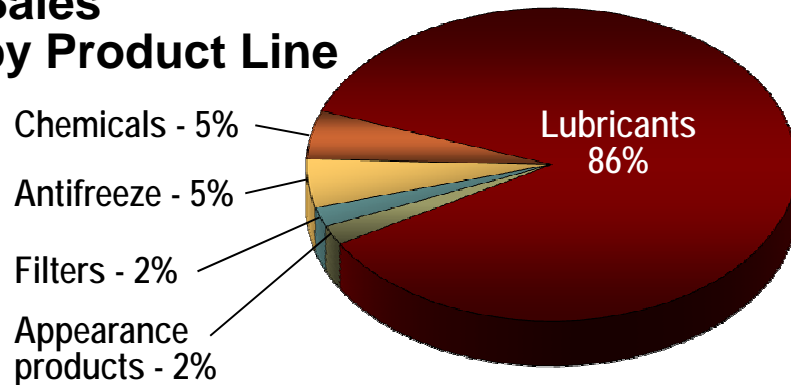
**Adjusted EBITDA: \$267 million<sup>1</sup>**

**Adjusted EBITDA Margin: 13.9%<sup>1</sup>**

## Sales by Market Channel



## Sales by Product Line



## Business Overview

<b>Customers</b>	<ul style="list-style-type: none"> <li>• Retail auto parts stores and mass merchandisers who sell to consumers</li> <li>• Installers, such as car dealers and quick lubes; distributors</li> <li>• Fleet owners; manufacturers and users of industrial and power generation equipment</li> </ul>
<b>Products/Services</b>	<ul style="list-style-type: none"> <li>• Valvoline™ lubricants and automotive chemicals</li> <li>• NextGen recycled, re-refined oils</li> <li>• MaxLife™ lubricants for high-mileage vehicles</li> <li>• SynPower™ synthetic motor oil</li> <li>• Eagle One™ and Car Brite™ appearance products</li> <li>• Zerex™ antifreeze</li> <li>• Valvoline Instant Oil Change™ service</li> </ul>
<b>Market Channels</b>	<ul style="list-style-type: none"> <li>• Do-It-Yourself (DIY)</li> <li>• Do-It-For-Me (DIFM)</li> <li>• Valvoline International</li> </ul>

<sup>1</sup> See Appendix B for reconciliation to amounts reported under GAAP.

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



## **Appendix B: Reclassifications and Regulation G Reconciliations**

# Ashland Inc. and Consolidated Subsidiaries

## Reconciliation of Non-GAAP Data

### for the 12 Months Ended June 30, 2011

(\$ millions, except percentages)

Sales	Q3 11	Q2 11	Q1 11	Q4 10	Total
Functional Ingredients	303	270	216	239	1,028
Water Technologies	490	471	451	462	1,874
Performance Materials	352	325	326	353	1,356
Consumer Markets	522	491	440	462	1,915
Total	1,667	1,557	1,433	1,516	6,173

Adjusted EBITDA <sup>1</sup>	Q3 11	Q2 11	Q1 11	Q4 10	Total	EBITDA Margin
Functional Ingredients	74	64	43	43	224	21.8%
Water Technologies	43	47	45	40	175	9.3%
Performance Materials	24	20	26	26	96	7.1%
Consumer Markets	61	71	74	61	267	13.9%
Unallocated	(8)	(10)	(13)	(8)	(39)	
Total	194	192	175	162	723	

<sup>1</sup> 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®

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