



# Fourth-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, President, Ashland Consumer Markets

John E. Panichella, President, Ashland Specialty Ingredients

David A. Neuberger, Director, Investor Relations

Nov. 9, 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 possibility that the benefits anticipated from the acquisition of International Specialty Products Inc. (ISP) will not be fully realized, the substantial indebtedness Ashland has incurred 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), severe 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 in the United States (U.S.-GAAP) and should not be construed as an alternative to the reported results determined in accordance with U.S.-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 U.S.-GAAP results.

## Fiscal Fourth Quarter 2011

# Highlights<sup>1</sup>

- Completed acquisition of International Specialty Products Inc. (ISP)
  - Formed Ashland Specialty Ingredients commercial unit
  - ISP elastomers business integrated within Ashland Performance Materials
- Reported Q4 EPS from continuing operations of \$(3.50)
  - Includes \$(3.51) related to actuarial loss on pension and OPEB
  - Adjusted EPS of \$1.01 versus 84 cents in Q4 2010
- Reported sales growth of 22% over prior-year quarter
  - 8% sales growth excluding ISP
- Adjusted Q4 EBITDA of \$221 million
  - ISP contribution of \$40 million during five weeks of ownership
- Ashland fiscal 2011 pro forma EBITDA of \$1.2 billion

<sup>1</sup> Ashland's fourth-quarter earnings release dated Nov. 8, 2011, available on Ashland's website at <http://investor.ashland.com>, reconciles adjusted amounts to amounts reported under GAAP.

# Fiscal Fourth Quarter – Continuing Operations

## Key Items Affecting Income

(\$ in millions, except EPS) Preliminary	Operating Income					Total		
	Ashland Specialty Ingredients	Ashland Water Technologies	Ashland Performance Materials	Ashland Consumer Markets (Valvoline)	Unallocated and Other	Pretax	Aftertax	Earnings per Share
<b>2011</b>								
Severance		\$ (9)	\$ (1)		\$ (26)	\$ (36)	\$ (25)	\$ (0.32)
Environmental and asset impairment		(11)			(6)	(17)	(11)	(0.14)
ISP inventory step-up	\$ (16)					(16)	(10)	(0.13)
Actuarial loss on pension and OPEB					(438)	(438)	(275)	(3.51)
Net loss on acquisitions and divestitures						(26)	(21)	(0.27)
Tax adjustments and discrete items							(11)	(0.14)
<b>Total</b>	<b>\$ (16)</b>	<b>\$ (20)</b>	<b>\$ (1)</b>		<b>\$ (470)</b>	<b>\$ (533)</b>	<b>\$ (353)</b>	<b>\$ (4.51)</b>
<b>2010</b>								
Severance and accelerated depreciation			\$ (17)			\$ (17)	\$ (15)	\$ (0.19)
Actuarial loss on pension and OPEB					\$ (268)	(268)	(181)	(2.28)
Tax adjustments related to previous acquisitions and divestitures							8	0.10
<b>Total</b>			<b>\$ (17)</b>		<b>\$ (268)</b>	<b>\$ (285)</b>	<b>\$ (188)</b>	<b>\$ (2.37)</b>

- Intangible amortization expense in September 2011 quarter of \$23 million

# Pension Accounting

- Now recognize actuarial gains and losses in year they occur
  - Preferred method of accounting
  - Increases transparency and comparability
- Pension adjustment would generally be made once per year in September quarter
  - Adjustment will be called out as key item
- Prior periods have been amended to reflect this change

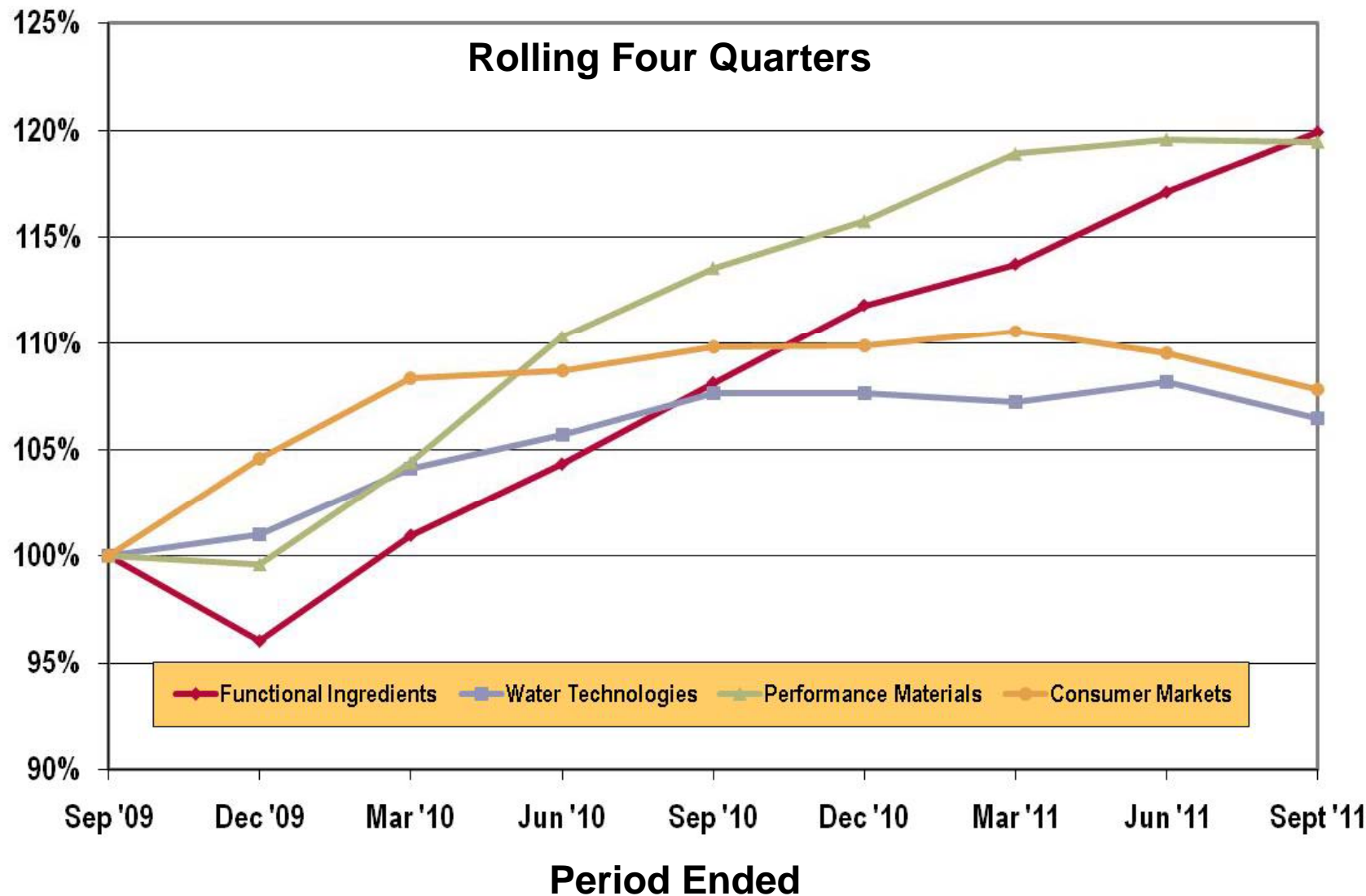
# Adjusted Results Summary<sup>1</sup>

(\$ in millions) Preliminary	Fiscal Fourth Quarter			Three months ended	
	Three months ended Sept. 30,			June 30,	
	2011	2010	Change	2011	Change
Sales	\$ 1,846	\$ 1,516	22 %	\$ 1,667	11 %
Gross profit as a percent of sales	25.8 %	27.3 %	(150) bp	26.2 %	(40) bp
Selling, general and admin./R&D costs	\$ 340	\$ 315	8 %	\$ 314	8 %
Operating income	\$ 137	\$ 105	30 %	\$ 137	- %
Operating income as a percent of sales	7.4 %	6.9 %	50 bp	8.2 %	(80) bp
Depreciation and amortization	\$ 84	\$ 65	29 %	\$ 66	27 %
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 221	\$ 170	30 %	\$ 203	9 %
EBITDA as a percent of sales	12.0 %	11.2 %	80 bp	12.2 %	(20) bp

- Includes five weeks of ISP results in September 2011 quarter
- Gross profit decline primarily due to increased costs in Consumer Markets

<sup>1</sup> Ashland's earnings releases dated Nov. 8 and July 28, 2011, available on Ashland's website at <http://investor.ashland.com>, reconcile adjusted amounts to amounts reported under GAAP.

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

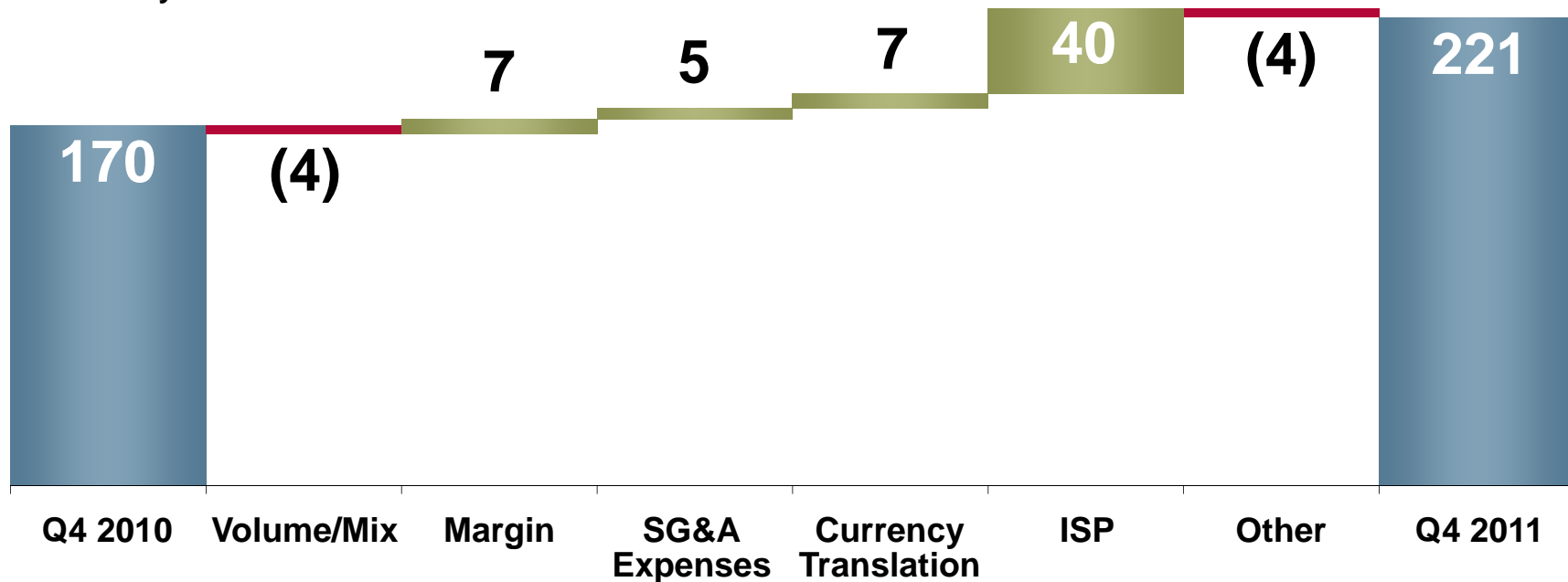


<sup>1</sup> Excludes volumes associated with ISP, Casting Solutions and divested Pinova and Drew Marine businesses for all periods. Includes volumes associated with Ara Quimica for all periods.

Q4 FY 2010 vs. Q4 FY 2011

# Factors Impacting Adjusted EBITDA

(\$ millions)  
Preliminary



- ISP contributed \$40 million of EBITDA during five weeks of Ashland ownership
- Excluding ISP, EBITDA increased \$11 million



# Liquidity and Net Debt

(\$ in millions)

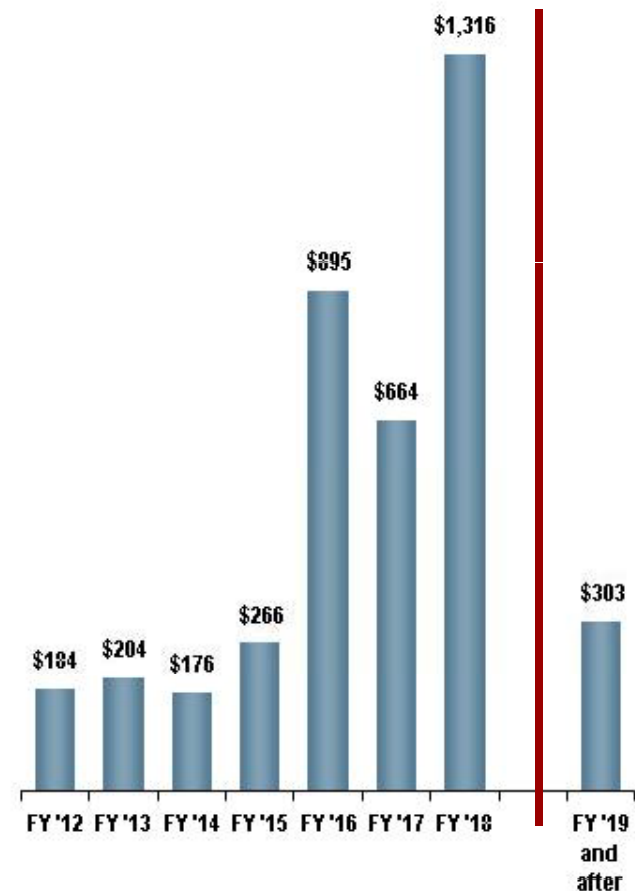
Liquidity		At Sept. 30, 2011
Cash		\$ 737
Available revolver capacity		914
<b>Liquidity</b>		<b>\$ 1,651</b>

Debt	Expiration	Interest		At Sept. 30, 2011	
		Rate	Moody's	S&P	
Revolver drawn <sup>1</sup>	08/2016	L+225	Baa3	BB	\$ -
Term Loan A	08/2016	L+225	Baa3	BB	1,500
Term Loan B	08/2018	L/Floor+275	Baa3	BB	1,400
9.125% senior notes <sup>2</sup> , par \$650 million	06/2017	9.125%	Baa3	BB	633
6.5% debentures, par \$282 million	06/2029	6.50%	Ba2	B+	128
Other debt		Various			171
<b>Total debt</b>			Ba1/ Stable	BB/ Stable	<b>\$ 3,832</b>
Cash					\$ 737
<b>Net debt (cash)</b>					<b>\$ 3,095</b>

<sup>1</sup> \$1 billion facility, including ~\$86 million used for letters of credit

<sup>2</sup> Callable June 2013

## Scheduled Debt Repayments by Fiscal Year



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

(\$ in millions) Preliminary	Fiscal Fourth Quarter Three months ended Sept. 30,			Three months ended June 30,	
	2011	2010	Change	2011	Change
Lubricant gallons (in millions)	41.5	44.2	(6) %	44.5	(7) %
Sales	\$ 517	\$ 462	12 %	\$ 522	(1) %
Gross profit as a percent of sales	23.0 %	28.9 %	(590) bp	26.6 %	(360) bp
Selling, general and admin./R&D costs	\$ 94	\$ 84	12 %	\$ 92	2 %
Operating income	\$ 29	\$ 54	(46) %	\$ 52	(44) %
Operating income as a percent of sales	5.6 %	11.7 %	(610) bp	10.0 %	(440) bp
Depreciation and amortization	\$ 10	\$ 9	11 %	\$ 10	- %
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 39	\$ 63	(38) %	\$ 62	(37) %
EBITDA as a percent of sales	7.5 %	13.6 %	(610) bp	11.9 %	(440) bp

- Last 50 cent-per-gallon base-oil cost increase effective July 1
  - Pricing should offset by end of 2011 calendar year

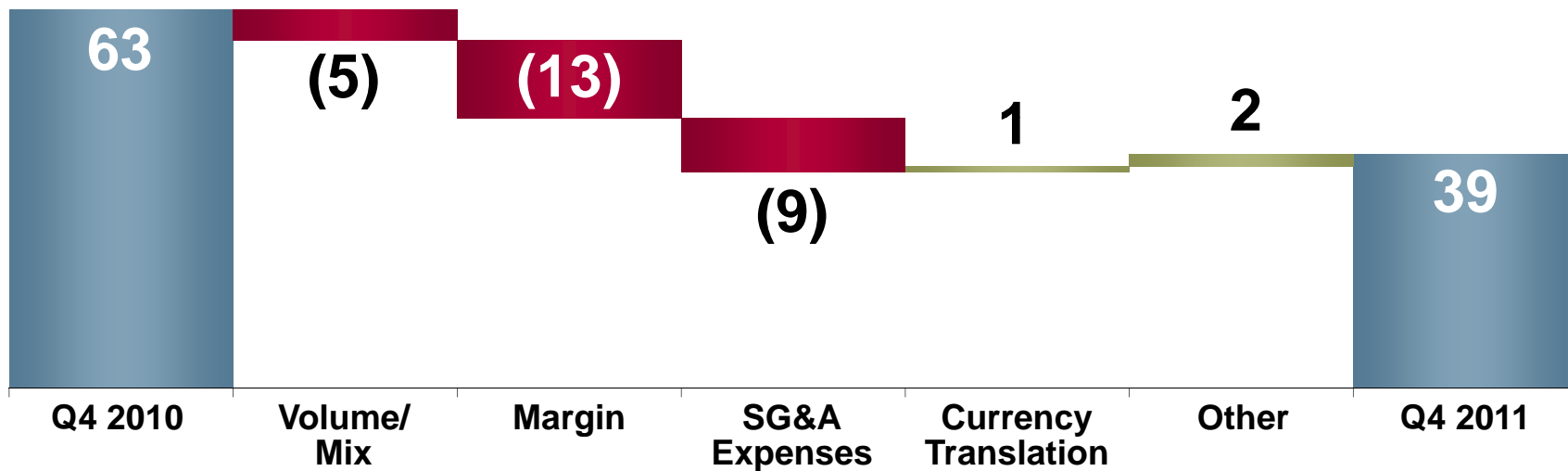
<sup>1</sup> Ashland's earnings releases dated Nov. 8 and July 28, 2011, available on Ashland's website at <http://investor.ashland.com>, reconcile adjusted amounts to amounts reported under GAAP.

## Ashland Consumer Markets (Valvoline)

# Factors Impacting Adjusted EBITDA

(\$ millions)  
Preliminary

## Q4 FY 2010 versus Q4 FY 2011



- Year-over-year costs up approximately \$65 million
- Higher SG&A expenses primarily attributable to higher advertising and promotional investment

## Ashland Consumer Markets (Valvoline)

# Base Oil Costs and Pricing Actions

- January 1, 2011: Costs increased 25 cents per gallon
  - Pricing in place end of March/beginning of April 2011
- April 1, 2011: Costs increased 47 cents per gallon
  - Pricing in place early July 2011
- May 1, 2011: Costs increase 33 cents per gallon
  - Pricing in place end of September 2011
- July 1, 2011: Costs increase 50 cents per gallon
  - Offsetting price increase announced
    - Should be in place by end of calendar year

# Ashland Specialty Ingredients

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

(\$ in millions) Preliminary	Fiscal Fourth Quarter			Three months ended	
	Three months ended Sept. 30,			June 30,	
	2011	2010	Change	2011	Change
Metric tons sold (in thousands)	72.4	42.8	69 %	46.4	56 %
Sales	\$ 467	\$ 239	95 %	\$ 303	54 %
Gross profit as a percent of sales	31.9 %	28.7 %	320 bp	33.1 %	(120) bp
Selling, general and admin./R&D costs	\$ 78	\$ 48	63 %	\$ 51	53 %
Operating income	\$ 72	\$ 21	243 %	\$ 51	41 %
Operating income as a percent of sales	15.4 %	8.8 %	660 bp	16.8 %	(140) bp
Depreciation and amortization	\$ 42	\$ 24	75 %	\$ 24	75 %
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 114	\$ 45	153 %	\$ 75	52 %
EBITDA as a percent of sales	24.4 %	18.8 %	560 bp	24.8 %	(40) bp

- September 2011 quarter includes five weeks of ISP results
  - \$12 million of stepped-up depreciation and amortization
- Volumes up 10% over prior year, excluding ISP

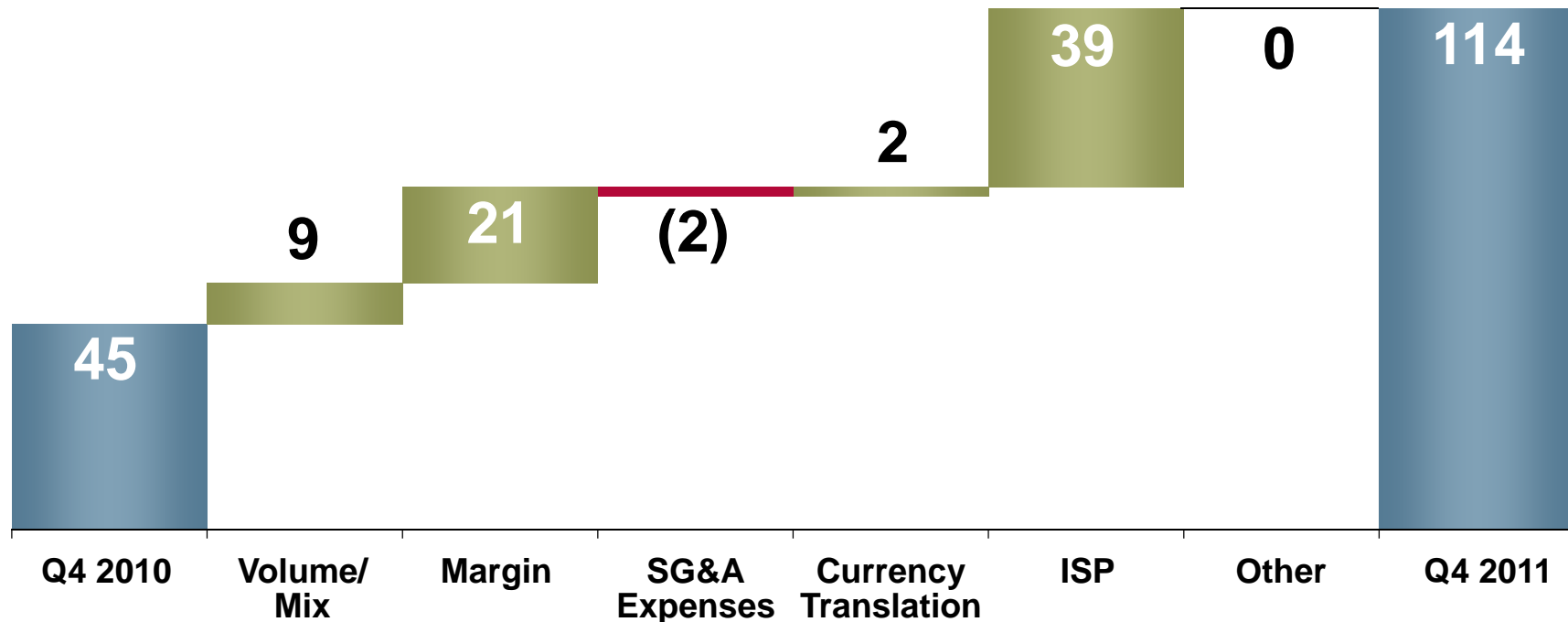
<sup>1</sup> Ashland's earnings releases dated Nov. 8 and July 28, 2011, available on Ashland's website at <http://investor.ashland.com>, reconcile adjusted amounts to amounts reported under GAAP.

## Ashland Specialty Ingredients

# Factors Impacting Adjusted EBITDA

(\$ millions)  
Preliminary

## Q4 FY 2010 versus Q4 FY 2011



- Strong gains in volumes and margins
- ISP contributed \$39 million of EBITDA to Specialty Ingredients

## Ashland Specialty Ingredients

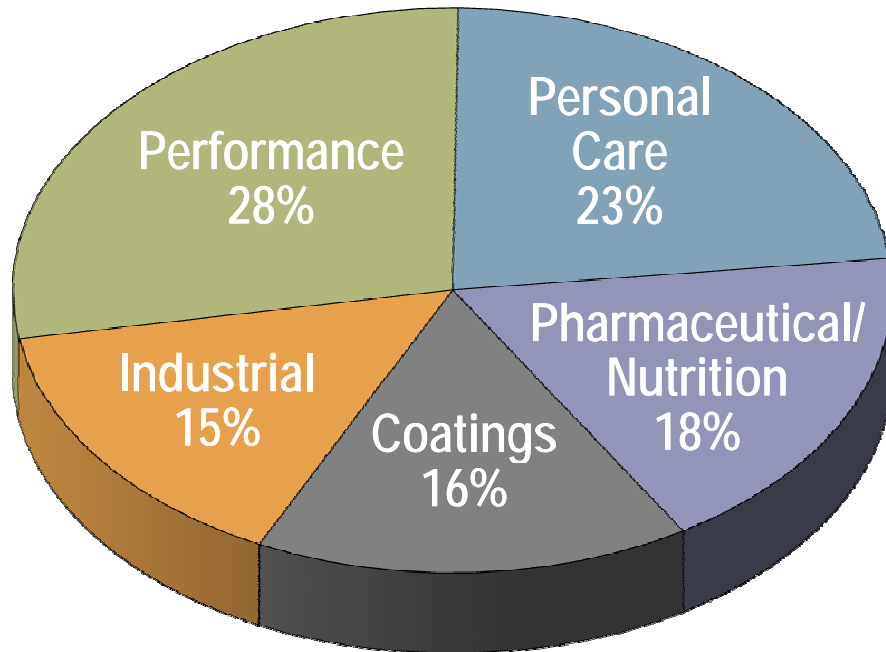
# Standalone ISP Performance

- Sales up 23% over September 2010 quarter, to \$474 million
  - Growth in all lines of business
  - Strongest in intermediates and elastomers
- Gross profit up \$10 million
- Gross profit percent down roughly 360 basis points
  - Up 80 basis points sequentially
- EBITDA<sup>1</sup> of approximately \$90 million in September 2011 quarter
  - Consistent with prior-year quarter

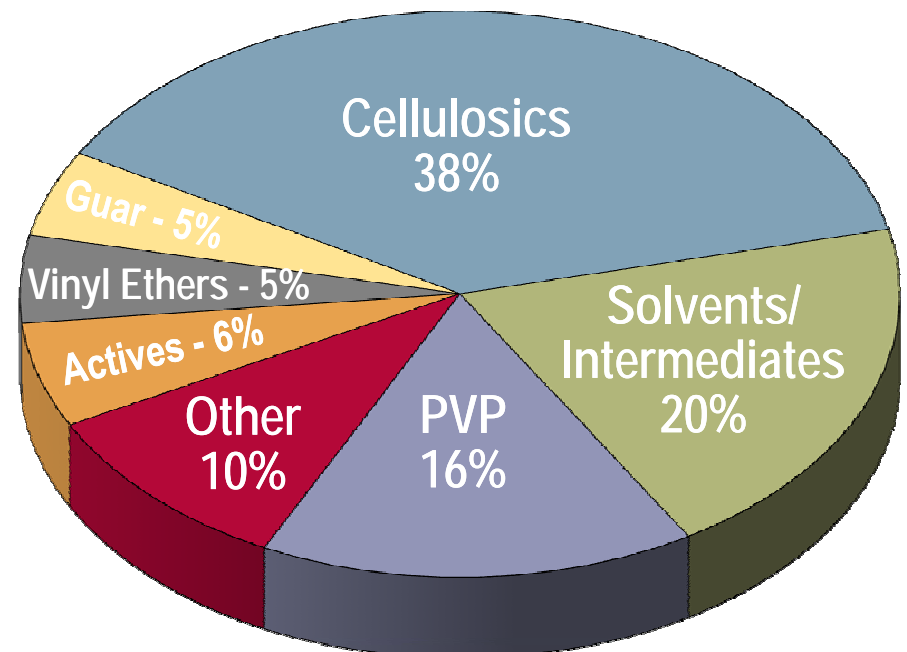
<sup>1</sup> Excludes certain currency effects.

# Ashland Specialty Ingredients Business Profile

## Sales by Market



## Sales by Product



### Pro Forma Fiscal 2011 Performance

**Sales: \$2.5 billion**

**Adjusted EBITDA: \$608 million<sup>1</sup>**

**Adjusted EBITDA Margin: 23.9%<sup>1</sup>**

<sup>1</sup> For fiscal year ended Sept. 30, 2011.



# Ashland Water Technologies

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

(\$ in millions) Preliminary	Fiscal Fourth Quarter			Three months ended	
	Three months ended Sept. 30,			June 30,	
	2011	2010	Change	2011	Change
Sales	\$ 491	\$ 462	6 %	\$ 490	0 %
Gross profit as a percent of sales	31.4 %	31.7 %	(30) bp	29.7 %	170 bp
Selling, general and admin./R&D costs	\$ 125	\$ 124	1 %	\$ 122	2 %
Operating income	\$ 30	\$ 23	30 %	\$ 24	25 %
Operating income as a percent of sales	6.1 %	5.0 %	110 bp	4.9 %	120 bp
Depreciation and amortization	\$ 20	\$ 21	(5) %	\$ 21	(5) %
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 50	\$ 44	14 %	\$ 45	11 %
EBITDA as a percent of sales	10.2 %	9.5 %	70 bp	9.2 %	100 bp

- Sales growth primarily driven by pricing efforts and currency translation
- EBITDA margins up 70 basis points over prior year despite significant cost pressures

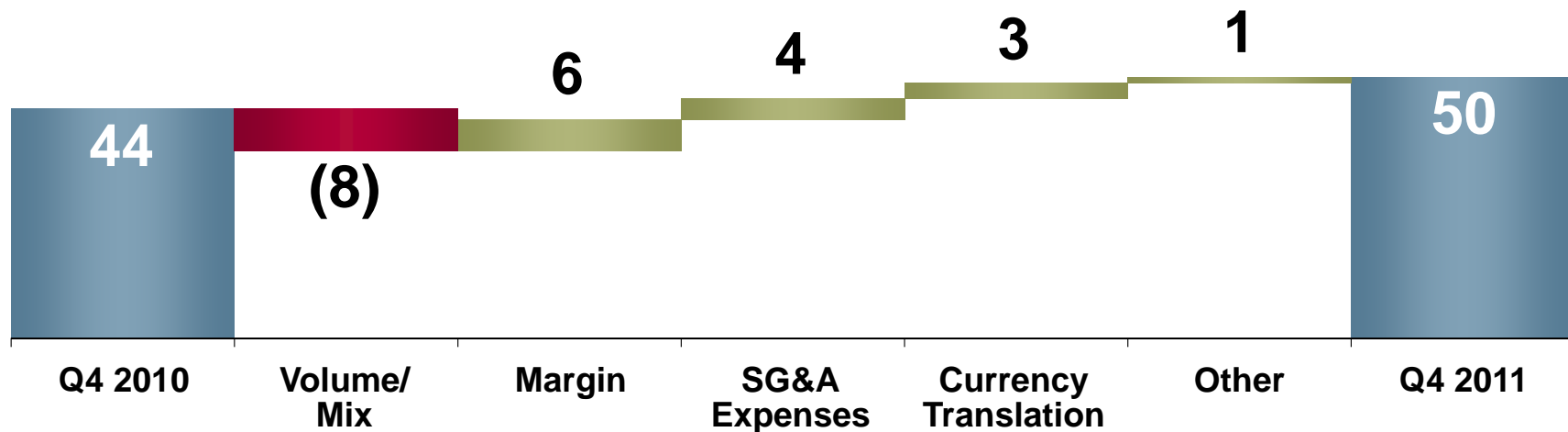
<sup>1</sup> Ashland's earnings releases dated Nov. 8 and July 28, 2011, available on Ashland's website at <http://investor.ashland.com>, reconcile adjusted amounts to amounts reported under GAAP.

## Ashland Water Technologies

# Factors Impacting Adjusted EBITDA

(\$ millions)  
Preliminary

## Q4 FY 2010 versus Q4 FY 2011



- Improved margin and SG&A more than offset volume effects
  - Volume declined 6% versus September 2010 quarter
- Pricing efforts now ahead of costs

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

(\$ in millions) Preliminary	Fiscal Fourth Quarter Three months ended Sept. 30,			Three months ended June 30,	
	2011	2010	Change	2011	Change
Pounds/day (in millions)	4.5	4.8	(6) %	4.4	2 %
Sales	\$ 371	\$ 353	5 %	\$ 352	5 %
Gross profit as a percent of sales	13.2 %	17.6 %	(440) bp	13.6 %	(40) bp
Selling, general and admin./R&D costs	\$ 36	\$ 48	(25) %	\$ 38	(5) %
Operating income	\$ 13	\$ 17	(24) %	\$ 14	(7) %
Operating income as a percent of sales	3.5 %	4.8 %	(130) bp	4.0 %	(50) bp
Depreciation and amortization	\$ 11	\$ 11	- %	\$ 10	10 %
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$ 24	\$ 28	(14) %	\$ 24	- %
EBITDA as a percent of sales	6.5 %	7.9 %	(140) bp	6.8 %	(30) bp

- September quarter included five weeks of ISP elastomers results
- Volume per day essentially flat versus prior-year quarter excluding elastomers and Casting Solutions

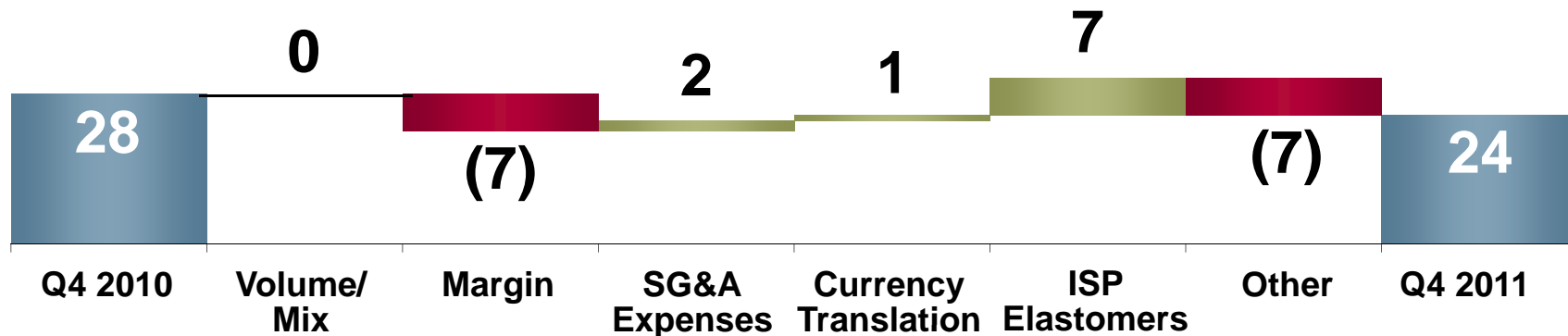
<sup>1</sup> Ashland's earnings releases dated Nov. 8 and July 28, 2011, available on Ashland's website at <http://investor.ashland.com>, reconcile adjusted amounts to amounts reported under GAAP.

## Ashland Performance Materials

# Factors Impacting Adjusted EBITDA

(\$ millions)  
Preliminary

## Q4 FY 2010 versus Q4 FY 2011



- Margin declines primarily attributable to higher manufacturing and raw material costs
- Effects of ASK Chemicals joint venture captured in Other

# Cost-Reduction Program

- Targeting \$90 million of annualized savings
  - \$40 million of stranded and corporate costs
  - \$50 million of ISP acquisition synergies
- Achieved approximately \$25 million in run-rate savings by end of September quarter
- Expect full \$40 million in run-rate savings by end of March quarter
- \$50 million acquisition synergies by end of fiscal 2013

## Fiscal Fourth Quarter

# Corporate Items

- Capital expenditures of \$105 million in quarter
- Net interest expense of \$33 million
  - Includes five weeks of debt related to ISP transaction
  - Run-rate book interest expense about \$230 million annually
- Effective tax rate of 22% for September quarter
  - Excludes key items
- Trade working capital of 13.2% of annualized sales
- Updated ISP assumptions
  - Purchase accounting: currently estimated at approximately \$115 million of stepped-up depreciation and amortization
  - 2012 effective tax rate: now expect low 30% range

## Fiscal Fourth Quarter Performance Summary

- Mixed commercial-unit performance in September quarter
- As compared with September 2010 quarter and excluding ISP's results:
  - Volumes down 1%
  - Sales up 8%
  - EBITDA of \$181 million, up 6%
- ISP contributed EBITDA of \$40 million during five weeks of Ashland ownership
- Free cash flow<sup>1</sup> of \$35 million in quarter

<sup>1</sup> 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 2011 Accomplishments

- Acquired ISP
- Divested Ashland Distribution
- Bought back \$71 million of Ashland shares
- Increased dividend to 70 cents per share annually
- Formed ASK Chemicals joint venture with Süd-Chemie
- Opened new Nanjing HEC facility
  - Capacity of 10,000 metric tons
  - Now running at full capacity

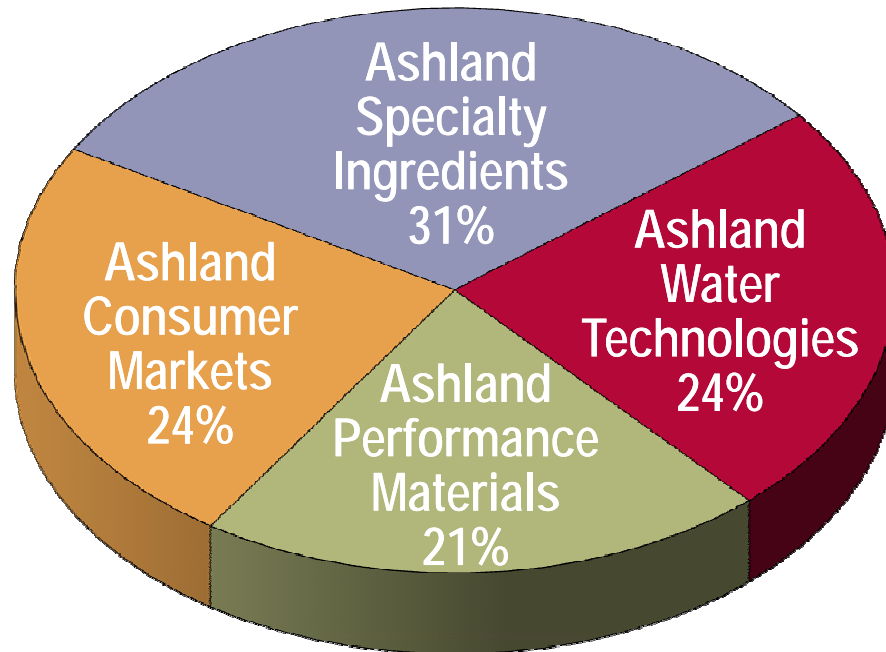


# Fiscal 2012 Objectives

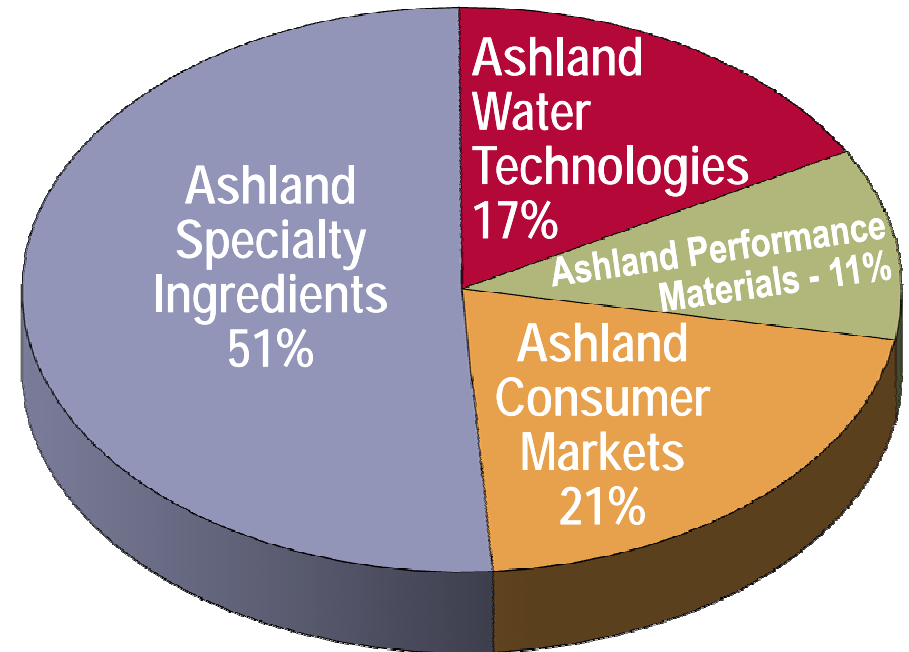
- Restore margins in Consumer Markets and Water Technologies
- Achieve \$40 million in cost savings out of \$90 million planned total
- Use excess cash to build liquidity
  - Puts Ashland in position to retire higher cost debt
- Support growth in emerging regions through focused investment
- Further strengthen position in key growth markets, including personal care and pharmaceutical

# Ashland: Positioned for Growth

Sales<sup>1</sup>: \$8.2 billion



EBITDA<sup>1</sup>: \$1.2 billion



- Specialty Ingredients now contributes roughly half of EBITDA

<sup>1</sup> For fiscal year ended Sept. 30, 2011.

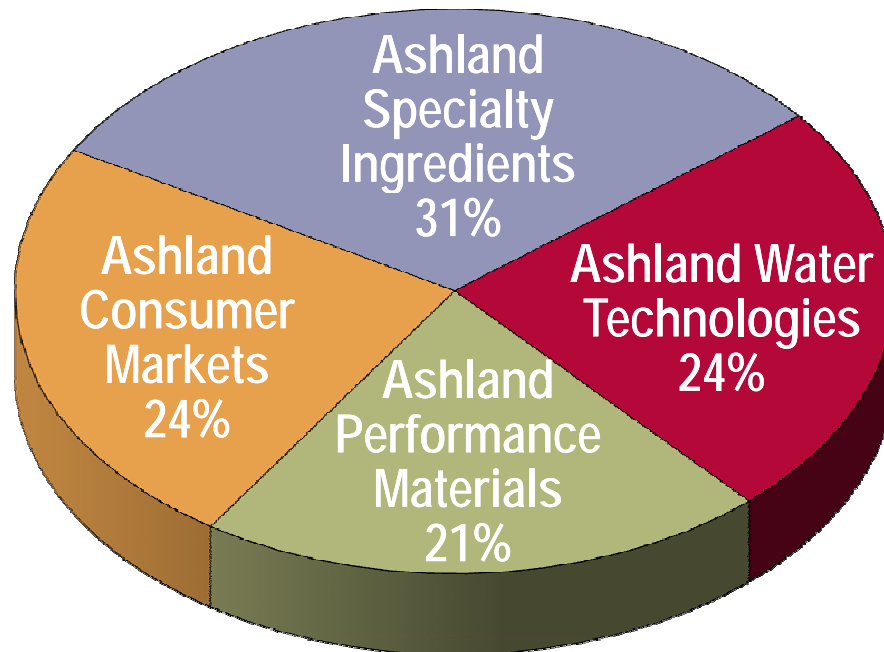


**Appendix A:**  
**Business Profiles**  
**Fiscal Year Ended Sept. 30, 2011**

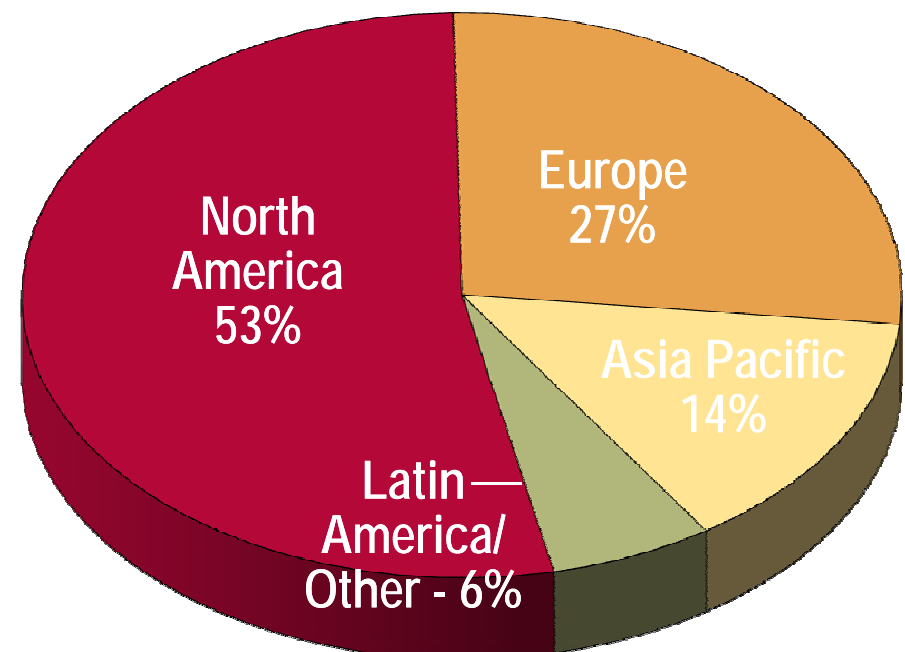
# Corporate Profile

Pro Forma Sales<sup>1</sup>: \$8.2 billion

By commercial unit



By geography

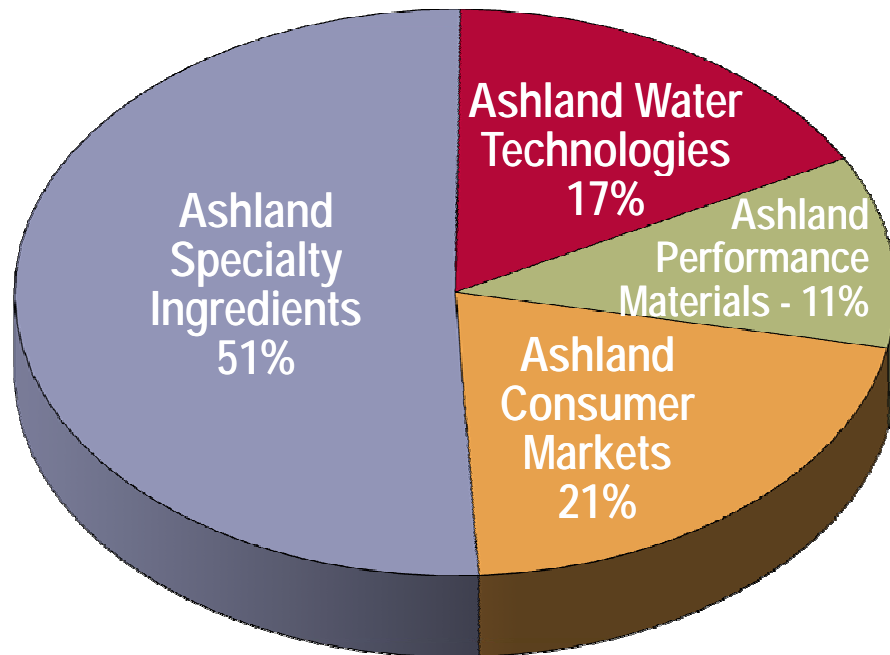


- 47% of total sales come from outside North America

<sup>1</sup> For fiscal year ended Sept. 30, 2011.

# Corporate Profile

Pro Forma Adjusted EBITDA<sup>1</sup>: \$1.2 billion



NYSE Ticker Symbol:	ASH
Total Employees:	~15,000
Outside North America	~45%
Number of Countries in Which Ashland Has Sales:	More than 100

<sup>1</sup> For fiscal year ended Sept. 30, 2011. See Appendix B for reconciliation to amounts reported under GAAP.

# Ashland Specialty Ingredients

A global leader in water-soluble and film-forming polymers

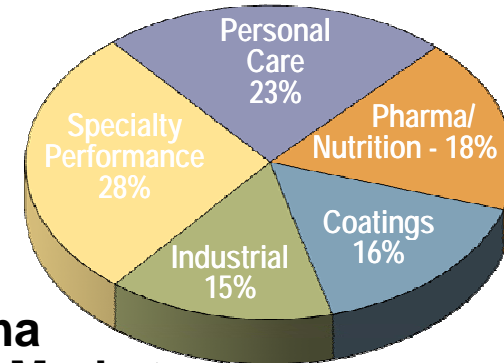
**Fiscal Year Ended Sept. 30, 2011**

**Pro Forma Sales: \$2.5 billion**

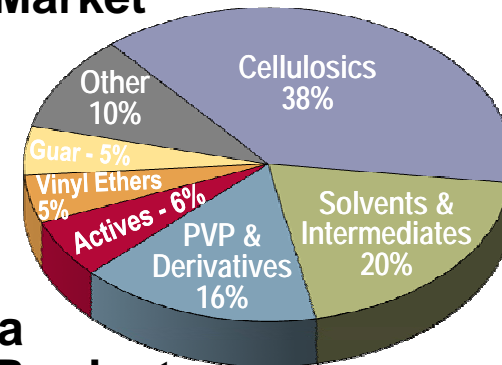
**Pro Forma Adjusted EBITDA: \$608 million<sup>1</sup>**

**Pro Forma Adjusted EBITDA Margin: 23.9%<sup>1</sup>**

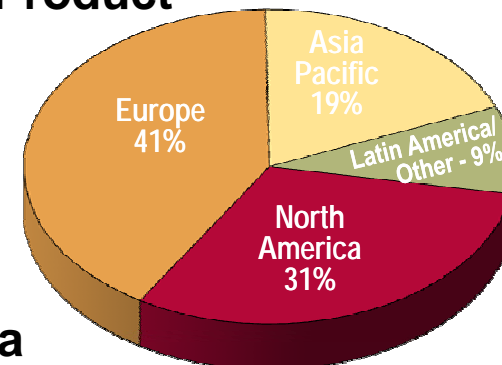
Business Overview	
Customers	<ul style="list-style-type: none"> <li>Diversified, global customer base</li> </ul>
Products	<ul style="list-style-type: none"> <li>Broad product line of water-soluble polymers</li> </ul>
Markets	<ul style="list-style-type: none"> <li>Pharmaceutical and nutrition</li> <li>Personal care</li> <li>Water-based paints</li> <li>Industrial                             <ul style="list-style-type: none"> <li>Oilfield</li> <li>Construction</li> </ul> </li> </ul>



**Pro Forma Sales by Market**



**Pro Forma Sales by Product**



**Pro Forma Sales by Geography**



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

# Ashland Water Technologies

A major global supplier of process and functional chemicals

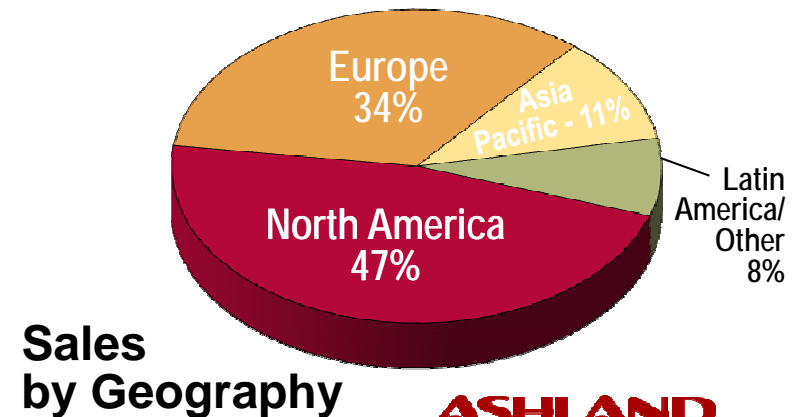
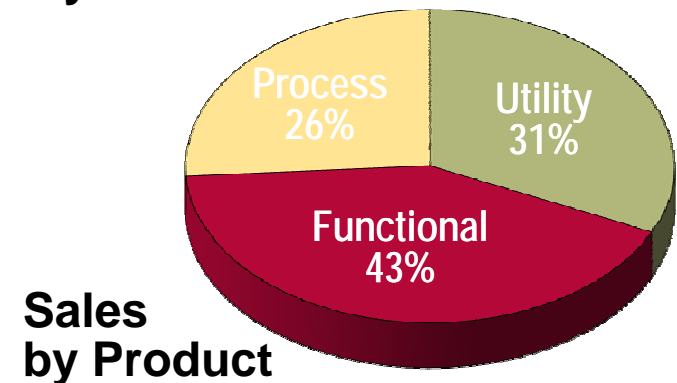
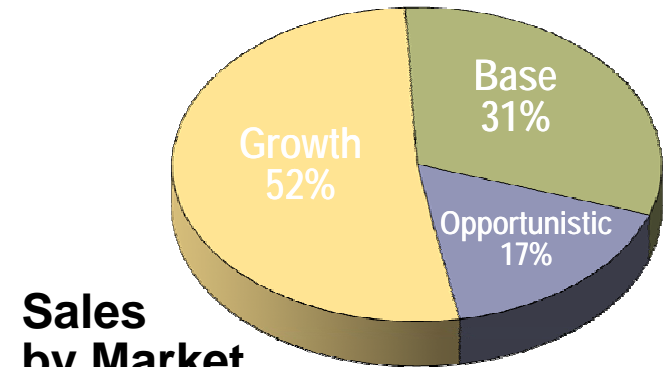
**Fiscal Year Ended Sept. 30, 2011**

**Sales: \$1.9 billion**

**Adjusted EBITDA: \$195 million<sup>1</sup>**

**Adjusted EBITDA Margin: 10.3%<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>



**ASHLAND**

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

# Ashland Performance Materials

A global leader in specialty chemicals

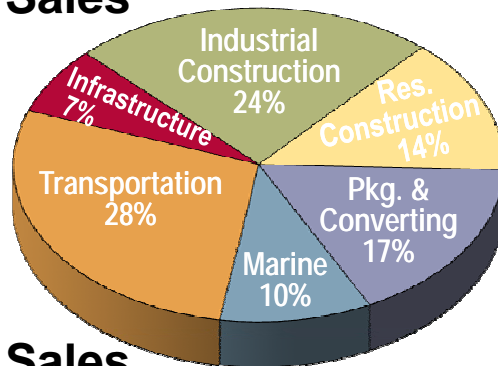
**Fiscal Year Ended Sept. 30, 2011**

**Pro Forma Sales: \$1.7 billion**

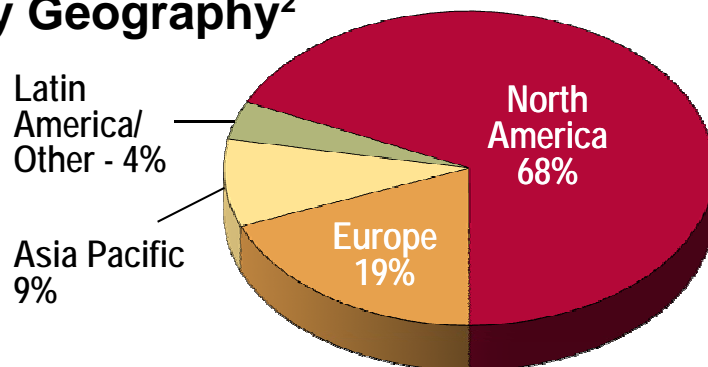
**Pro Forma Adjusted EBITDA: \$133 million<sup>1</sup>**

**Pro Forma Adjusted EBITDA Margin: 7.7%<sup>1</sup>**

## Pro Forma Sales by Market<sup>2</sup>



## Pro Forma Sales by Geography<sup>2</sup>



Business Overview	
Customers	<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>
Products/Services	<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> </ul> </li> <li>• Elastomers</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>
Markets	<ul style="list-style-type: none"> <li>• Construction, packaging and converting, marine and transportation</li> </ul>

<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.

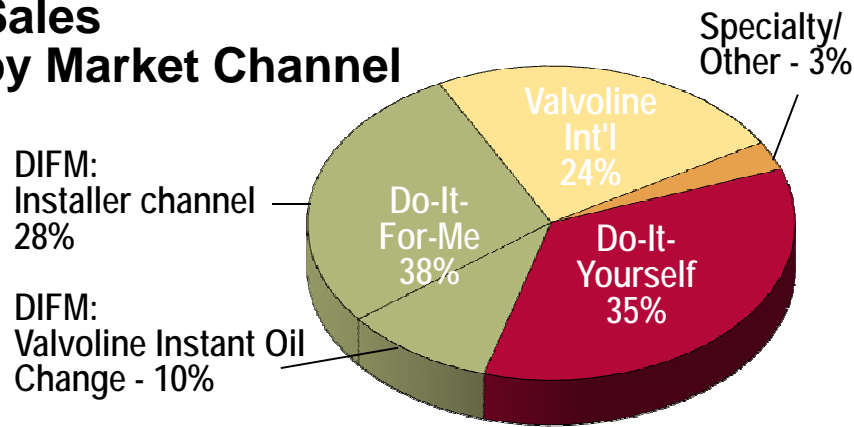


# Ashland Consumer Markets: A leading worldwide marketer of premium-branded automotive lubricants and chemicals

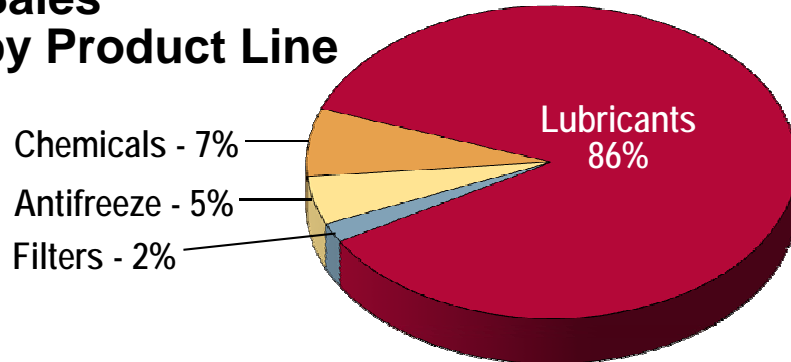
**Fiscal Year Ended Sept. 30, 2011**

**Sales: \$2.0 billion**  
**Adjusted EBITDA: \$250 million<sup>1</sup>**  
**Adjusted EBITDA Margin: 12.7%<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 Fiscal Year Ended Sept. 30, 2011

(\$ millions, except percentages)

Sales	Q4 11	Q3 11	Q2 11	Q1 11	Total	
Specialty Ingredients	467	303	270	216	1,256	
Water Technologies	491	490	471	451	1,902	
Performance Materials	371	352	325	326	1,373	
Consumer Markets	517	522	491	440	1,971	
<b>Total</b>	<b>1,846</b>	<b>1,667</b>	<b>1,557</b>	<b>1,433</b>	<b>6,502</b>	
Pro Forma ISP Results	270	511	479	387	1,648	
<b>Pro Forma Total</b>	<b>2,116</b>	<b>2,178</b>	<b>2,036</b>	<b>1,820</b>	<b>8,150</b>	
						Pro Forma Adjusted
Adjusted EBITDA <sup>1</sup>	Q4 11	Q3 11	Q2 11	Q1 11	Total	EBITDA Margin
Specialty Ingredients	114	75	66	46	301	23.9%
Water Technologies	50	45	51	49	195	10.3%
Performance Materials	24	24	22	28	98	7.5%
Consumer Markets	39	62	73	76	250	12.7%
Unallocated	(6)	(3)	(6)	(9)	(24)	
<b>Total</b>	<b>221</b>	<b>203</b>	<b>206</b>	<b>190</b>	<b>820</b>	
Pro Forma ISP Results	43	104	116	76	339	
<b>Pro Forma Total</b>	<b>264</b>	<b>307</b>	<b>322</b>	<b>266</b>	<b>1,159</b>	

<sup>1</sup> Quarterly totals may not add to annual amounts due to rounding. Calculation of adjusted EBITDA for the fourth quarter has been reconciled with the quarterly earnings release filed with the SEC and posted on Ashland's website. For other period calculations of adjusted EBITDA, see the attached reconciliation within this appendix.

# Ashland Inc. and Consolidated Subsidiaries

## Adjusted EBITDA Reconciliation

(\$ millions)	Q3 11	Q2 11	Q1 11
<b>Specialty Ingredients</b>			
Operating income	51	43	22
Depreciation and amortization	24	23	24
<b>EBITDA</b>	<b>75</b>	<b>66</b>	<b>46</b>
<b>Water Technologies</b>			
Operating income	24	31	28
Depreciation and amortization	21	20	21
<b>EBITDA</b>	<b>45</b>	<b>51</b>	<b>49</b>
<b>Performance Materials</b>			
Operating income	12	5	8
Depreciation and amortization	12	17	18
<b>EBITDA</b>	<b>24</b>	<b>22</b>	<b>26</b>
Casting Solutions joint venture costs	-	-	2
<b>Adjusted EBITDA</b>	<b>24</b>	<b>22</b>	<b>28</b>
<b>Consumer Markets</b>			
Operating income	52	64	67
Depreciation and amortization	10	9	9
<b>EBITDA</b>	<b>62</b>	<b>73</b>	<b>76</b>

# ASHLAND®

With good chemistry great things happen.™