

# **ASHLAND.**

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**Credit Suisse 16th Annual Chemical Conference  
September 25, 2007**

**James J. O'Brien**  
Chairman and Chief Executive Officer  
**Eric N. Boni**  
Director of Investor Relations

# Forward-Looking Statements

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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, with respect to Ashland's operating performance. These estimates are based upon a number of assumptions, including those mentioned within this presentation. Such estimates are also based upon internal forecasts and analyses of current and future market conditions and trends, management plans and strategies, weather, operating efficiencies and economic conditions, such as prices, supply and demand, cost of raw materials, and legal proceedings and claims (including environmental and asbestos matters).

Although Ashland believes its expectations are based on reasonable assumptions, it cannot assure the expectations reflected herein will be achieved. This forward-looking information may prove to be inaccurate and actual results may differ significantly from those anticipated if one or more of the underlying assumptions or expectations proves to be inaccurate or is unrealized or if other unexpected conditions or events occur.

Other factors and risks affecting Ashland are contained in Ashland's Form 10-K for the fiscal year ended Sept. 30, 2006. Ashland undertakes no obligation to subsequently update or revise the forward-looking statements made in this presentation to reflect events or circumstances after the date of this presentation.

# The Transformation of Ashland

1920s

Regional Oil Refiner and Marketer

ASHLAND®

1998

2005

2006

Today

- Dual Core Company
- Road Construction/Materials
  - Diversified Chemicals

Global Diversified Chemical Company



# Ashland Today

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- Y-T-D Fiscal 2007 Financial Results\*
  - Sales & Operating Revenue = \$5.7 billion
  - Operating Income = \$190 million
  - Return on Investment\*\* = 10.1%

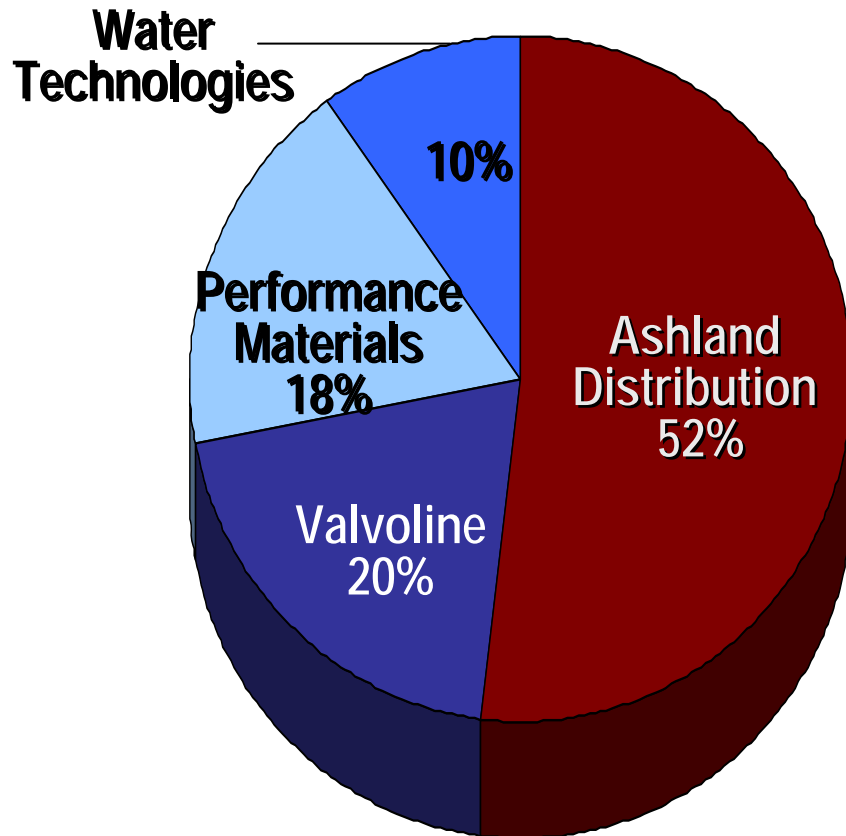


\* For the nine months ended June 30, 2007.

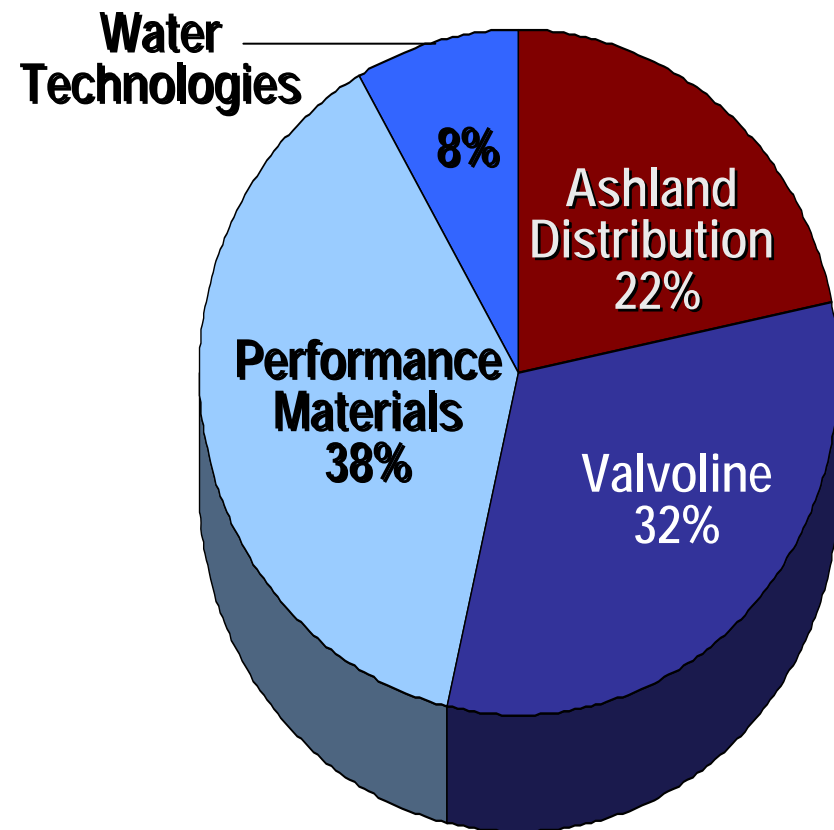
\*\* After-tax operating income adjusted for voluntary-severance-offer charge. Ratio excludes cash and available-for-sale securities.

# Revenue and Operating Income

## Sales & Operating Revenue



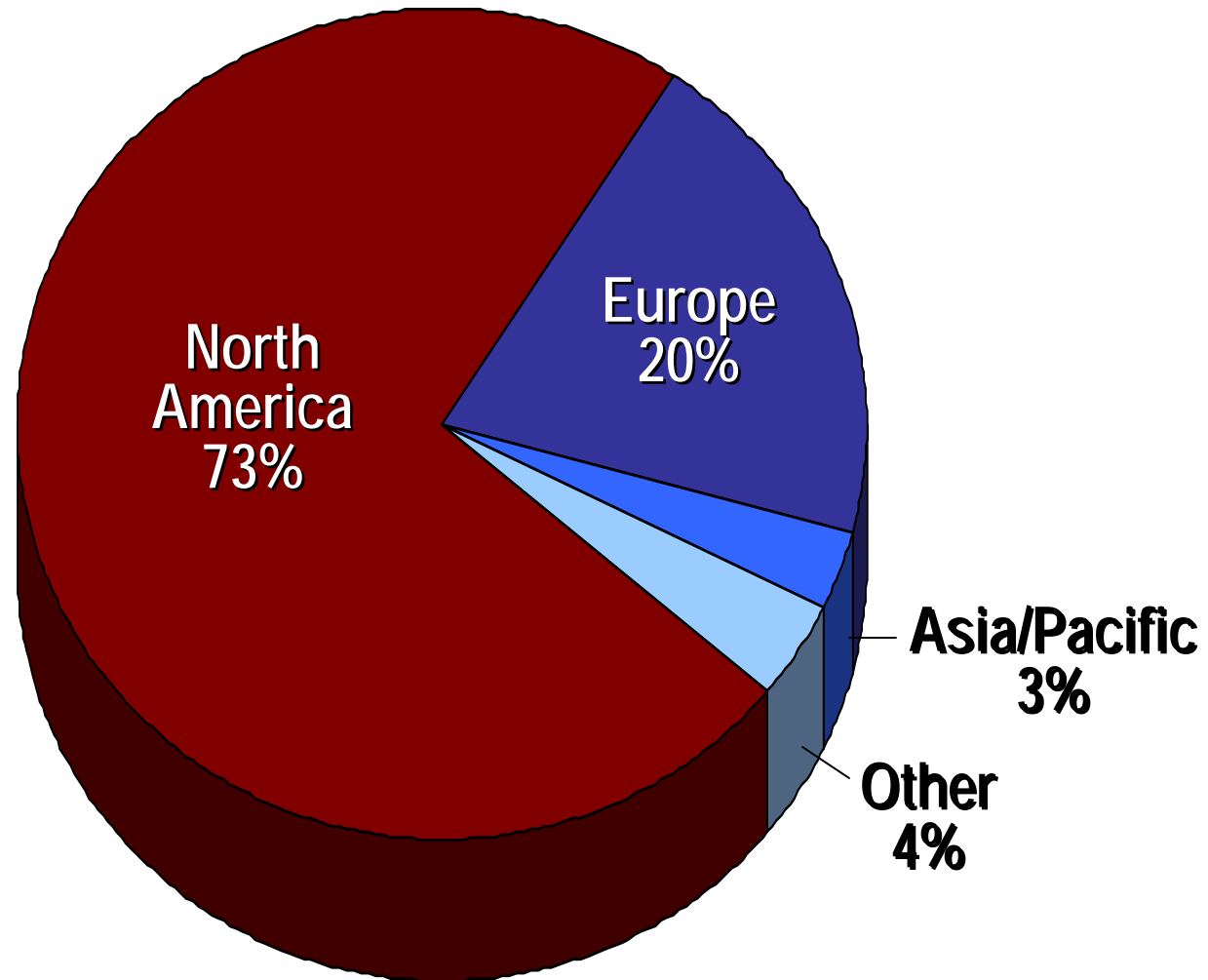
## Operating Income



\* For the nine months ended June 30, 2007. Operating income excludes Unallocated and Other expenses of \$23 million.

Fiscal 2007 Y-T-D\*

# Revenue by Geography



**27% of total revenue generated outside North America**

\* For the nine months ended June 30, 2007.

# Ashland Today

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## Ashland Performance Materials

Manufactures and sells polyester resins, vinyl ester resins and gelcoats, metal-casting chemicals, and adhesives, primarily to the transportation and construction industries

## Ashland Distribution

Distributes chemicals, plastics, fiber reinforcements and resins and environmental services in North America and plastics in Europe to industrial markets

## Valvoline

Markets premium-branded automotive and commercial lubricants, chemicals, appearance products and automotive services to retailers and consumers

## Ashland Water Technologies

Supplies specialty chemicals and technical services related to treatment of industrial, institutional and municipal water and wastewater streams; provides value-added products and services to the ocean-going global marine market

# Performance Materials

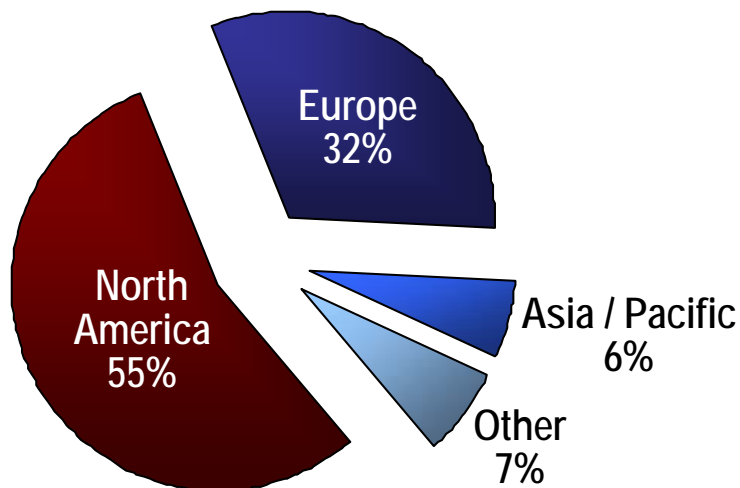
## Business Description

- Composite Polymers – Global manufacturer of unsaturated polyester resins, vinyl ester resins and gelcoats for use in composites
- Casting Solutions – The world’s leading provider of foundry binder resins, chemicals, sleeves, filters and design solutions
- Specialty Polymers and Adhesives - A producer of high-performance, pressure-sensitive and structural adhesives and specialty resins

## Fiscal 2006 Revenue by Market (percent)



## Y-T-D Fiscal 2007\* Revenue by Region



## Y-T-D Fiscal 2007\*

**Sales & Operating Revenue = \$1.1 billion**  
**Operating Income = \$81 million**


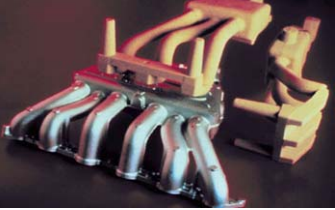

## Strategy

- Premium business focus
- Organic growth
- Growth through expanding new technology into existing markets
- Growth through increasing global reach of existing technology

\* For the nine months ended June 30, 2007.

# Performance Materials Market Overview



	Products / Technology	Major Markets
Composite Polymers	 <ul style="list-style-type: none"><li>• Unsaturated polyester resins</li><li>• Vinyl ester resins</li><li>• Gelcoats</li><li>• Low-profile additives</li></ul>	<ul style="list-style-type: none"><li>• Transportation: auto / truck body panels, farm equipment, mass transit, seating &amp; structural parts</li><li>• Building &amp; Construction: tub, shower, solid surfaces, corrosion- / fire-retardant materials &amp; windmill blades</li><li>• Recreational Marine</li></ul>
Casting Solutions	 <ul style="list-style-type: none"><li>• Cold box / no-bake binder systems</li><li>• Refractory coatings</li><li>• Sleeves / filters</li><li>• Additives</li><li>• Tooling &amp; casting design software</li></ul>	<ul style="list-style-type: none"><li>• Transportation: engine blocks &amp; brake rotors</li><li>• Construction: pipes, valves &amp; fittings</li><li>• Machine Tools</li><li>• Heavy Equipment</li></ul>
Specialty Polymers & Adhesives	 <ul style="list-style-type: none"><li>• Acrylic pressure-sensitive adhesives</li><li>• Structural urethane adhesives</li><li>• Phenolic resins</li></ul>	<ul style="list-style-type: none"><li>• Transportation: auto / truck body-panel bonding</li><li>• Building &amp; Construction: engineered wood</li><li>• Packaging &amp; Converting</li></ul>

Fiscal 2007 Y-T-D



# Performance Materials

(in millions, except percentages)

	<u>Nine Months Ended June 30,</u>		
	2007	2006	Change
Pounds/Day	4.9	5.0	(2.0)%
Sales & Operating Revenue	\$ 1,142	\$ 1,068	6.9 %
Operating Income	\$ 81	\$ 94	(13.8)%
Gross Profit as a % of Sales	21.2 %	23.2 %	

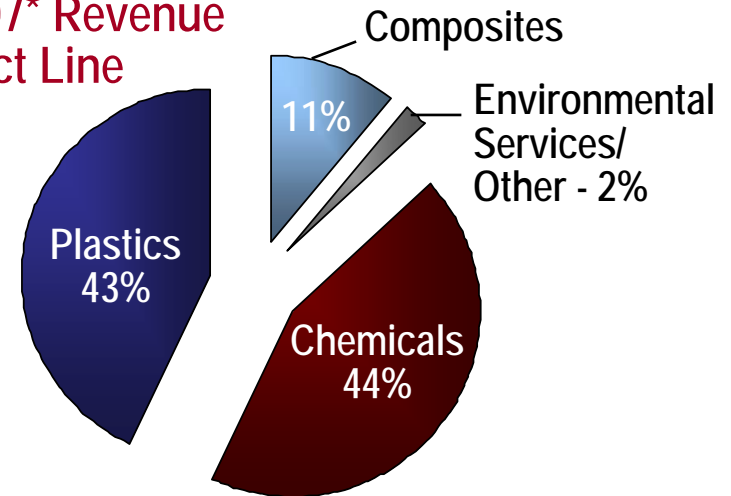
- North American softness continued to affect volume and margins
  - Primarily residential housing, transportation and marine
- International growth helping to offset North American weakness

# Distribution

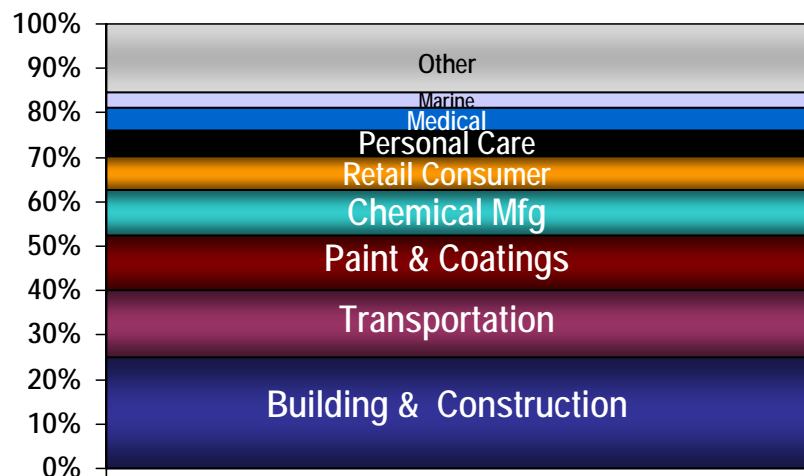
## Business Description

- Leading North American distributor of packaged and bulk chemicals, plastics and composite materials; provider of comprehensive waste-management solutions
- Major plastics distributor in Europe
- Approximately 85 percent to 90 percent of revenue generated in North America

## Y-T-D 2007\* Revenue by Product Line



## Fiscal 2006 Revenue by Market (percent)



## Y-T-D Fiscal 2007\*

**Sales & Operating Revenue = \$3.0 billion**  
**Operating Income = \$46 million**

## Strategy

- Responsible growth in targeted markets, products and geographies
- Customer focus (The Perfect Order)
- Operational excellence through systems and process improvements

\* For the nine months ended June 30, 2007.

# Distribution Market Overview



## Products / Services

## Major Markets / Applications

### Chemicals

- More than 7,000 industrial, specialty and personal-care chemicals, including solvents, plasticizers, surfactants and polymer additives
- Technical services, including analysis and formulation assistance

- Paint & Coatings
- Chemical Manufacturing
- Polymer Additives
- Personal Care
- Adhesives

### Plastics

- Commodity, engineering and general purpose grades of thermoplastic resins
- Additives for plastics processing

- Injection Molding
- Automotive Molding
- Blow Molding
- Extrusion
- Rotational Molding

### Composites

- Polyester & vinyl ester resins
- Reinforcements
- Epoxy resins
- Gelcoats, catalysts, fillers & cores
- Adhesives & solvents

- Transportation
- Construction
- Marine
- Corrosion

### Environmental Services

- Chemical waste management
- RCRA and DOT training
- Recycling, reduction, reclamation and treatment
- Total waste management services

- Transportation
- Metalworking
- Chemical Manufacturing
- Electronics
- Personal Care / Pharmaceuticals

# Fiscal 2007 Y-T-D Distribution



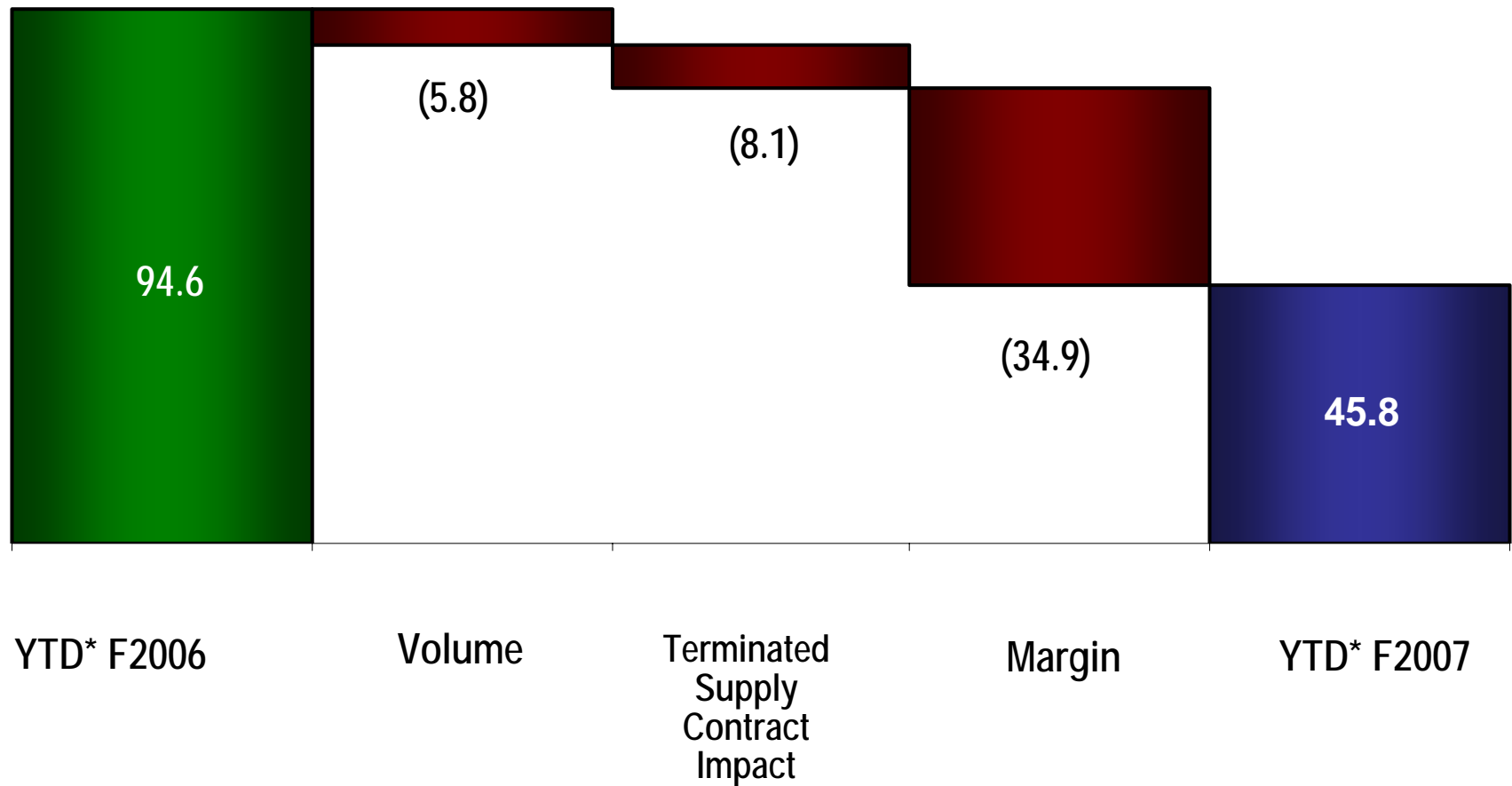
(in millions, except percentages)

	<u>Nine Months Ended June 30,</u>		
	2007	2006	Change
Pounds/Day	19.6	20.5	(4.4)%
Sales & Operating Revenue	\$ 2,982	\$ 3,046	(2.1)%
Operating Income	\$ 46	\$ 95	(51.6)%
Gross Profit as a % of Sales	8.2 %	9.7 %	

- Softness in North American manufacturing and housing

# Operating Income Performance Factors

\$ Millions



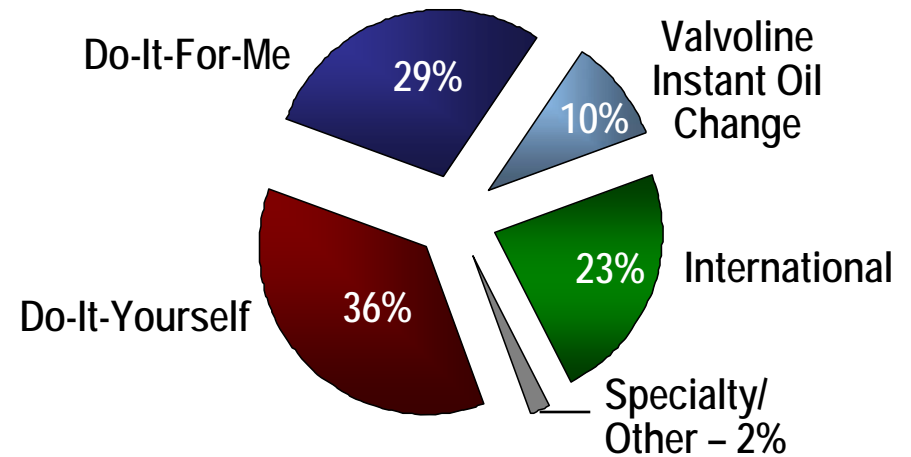
\* For the nine months ended June 30, 2006 and 2007.

# Valvoline

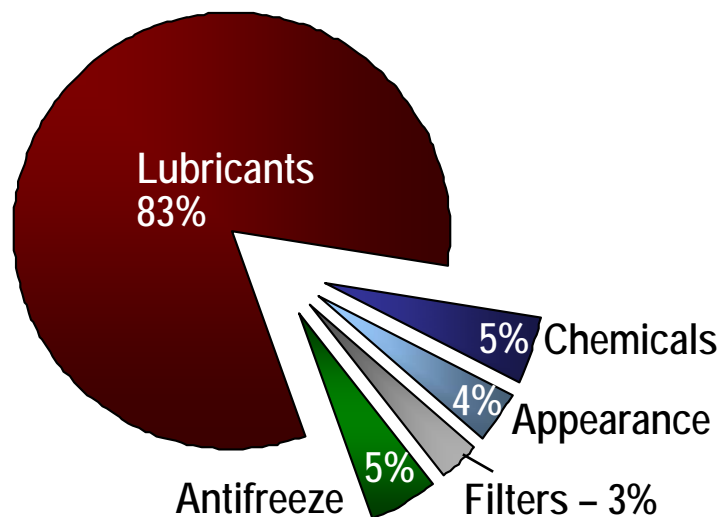
## Business Description

- Do-It-For-Me – Branded and non-branded lubricant and car care products for the automotive service industry
- Valvoline Instant Oil Change® – Company-owned and franchised oil-change and related-service stores
- Do-It-Yourself – Branded lubricants and appearance products for the retail market
- International – Valvoline products sold outside North America

## Y-T-D Fiscal 2007\* Revenue by Channel



## Y-T-D Fiscal 2007\* Revenue by Product Line



## Y-T-D Fiscal 2007\*

**Sales & Operating Revenue = \$1.1 billion**  
**Operating Income = \$68 million**

## Strategy

- Premium business focus
- Optimize business models
- Growth through new technology development
- Increase global reach

\* For the nine months ended June 30, 2007.

# Valvoline Product & Service Overview



## Products / Services

## Brands

Lubricants



- Motor oil – gasoline & diesel engine
- Automatic transmission fluid
- Gear oil
- Greases

- Valvoline<sup>®</sup>
- MaxLife<sup>®</sup>

Automotive  
Chemicals



- Fuel additives
- Power steering fluid
- Antifreeze
- Brake fluid
- Parts cleaners
- Oil additives

- MaxLife<sup>®</sup>
- Zerex<sup>®</sup>
- SynPower<sup>®</sup>
- Pyroil<sup>®</sup>

Appearance



- Wheel cleaners
- Tire dressing / shine
- Waxes & polishes
- Car wash

- Eagle One<sup>®</sup>
- Car Brite<sup>®</sup>

Quick Lube



- Oil change
- Transmission flush
- Cooling system flush
- Fuel system cleaners
- Filter replacement

- Valvoline Instant Oil Change<sup>®</sup> (VIOC)
- Valvoline Express Care<sup>®</sup>

Fiscal Y-T-D 2007  
**Valvoline**



(in millions, except percentages)

Nine Months Ended June 30,

	2007	2006	Change
Lubricant Gallons	123.8	127.8	(3.1)%
Sales & Operating Revenue	\$ 1,141	\$ 1,030	10.8 %
Operating Income (Loss)	\$ 68	\$ (6)	N.D.
Gross Profit as a % of Sales	24.8 %	21.4 %	

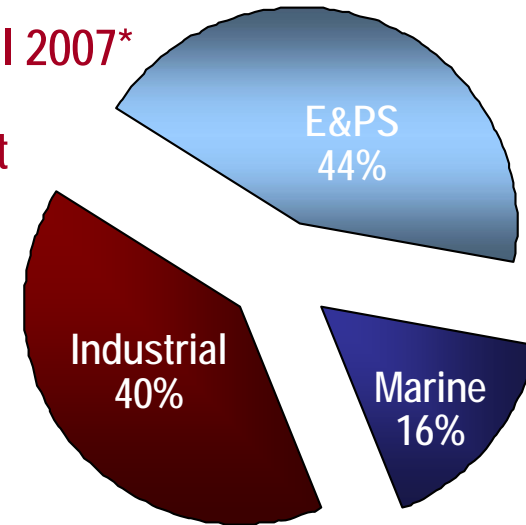
- Gross margin improvement: \$66 million
- Significant improvement from Valvoline Instant Oil Change<sup>®</sup> business

# Water Technologies

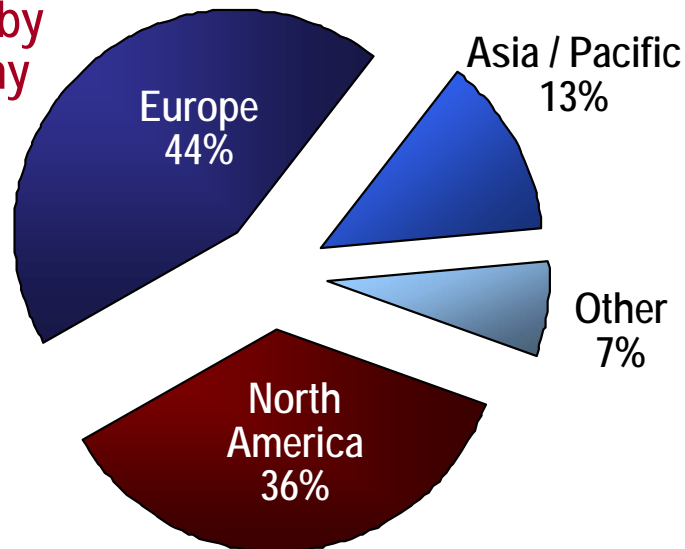
## Business Description

- A major supplier of specialty products and services for industrial and institutional water treatment
- A leading provider of flocculants used in solids and water separation
- A leading worldwide provider of shipboard services and supplies for the merchant marine and cruise ship industry

## Y-T-D Fiscal 2007\* Revenue by Segment



## Y-T-D Fiscal 2007\* Revenue by Geography



## Y-T-D Fiscal 2007\*

**Sales & Operating Revenue = \$569 million**  
**Operating Income = \$18 million**

## Strategy

- Expand geographic reach to emerging markets
- Focus on service and technology excellence

\* For the nine months ended June 30, 2007.

# Water Technologies Market Overview

## Industrial



### Products / Services

- Complete cooling, boiler & wastewater management solutions
- Performance-based feed & control automation
- Remote system surveillance

### Major Markets

- Chemical Processing
- Energy
- Food & Beverage
- Commercial & Institutional

## Environmental & Process Solutions



- Polyacrylamide flocculants
- Retention & drainage aids
- Dispersants & antiscalants
- Defoamers & antifoaming agents
- Process water treatments

- Municipal
- Pulp & Paper Processing
- Mining

## Marine



- Water & fuel management solutions
- Cleaning, maintenance & repair solutions
- Fire-fighting, safety & rescue products & services

- Cruise Ships
- Merchant Marine

# Business Model Redesign

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- Disciplined and thorough redesign process
- Unified business approach
  - Leverage our expertise across markets
  - Create scale and common processes
  - Likely exit from certain markets and geographies

Fiscal Y-T-D 2007



# Water Technologies

(in millions, except percentages)

Nine Months Ended June 30,

	2007	2006	Change
Sales & Operating Revenue	\$ 569	\$ 310	83.5 %
Operating Income	\$ 18	\$ 9	100 %
Gross Profit as a % of Sales	39.1 %	47.0 %	

- Revenue and earnings improved in traditional water businesses
- Revenue increase and gross profit percent reflect addition of Environmental and Process Solutions business
  - Y-T-D 2006 operating income included \$7.6 million currency hedge gain on acquisition

Fiscal Fourth Quarter 2007



# Key Items Outlook

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- Anticipated key items
- Tax rate update
- Update to July earnings conference call

## Anticipated Key Items\*

(in millions)

Three months ending  
September 30, 2007

Write-down of PathGuard assets	\$	(11)
Canadian postretirement medical expense		(11)
Favorable claims experience		8
13-month foreign reporting impact		8
Operating income impact	\$	(6)

\* Current estimates based upon expectations as of the date of this presentation.

Fiscal Fourth Quarter 2007



## Operating Income Outlook\*

Segment	Estimated Operating Income (in millions)
Performance Materials	\$ 14 – \$ 16
Distribution	\$ 4 – \$ 6
Valvoline	\$ 17 – \$ 19
Water Technologies	\$ 10 – \$ 12
Unallocated & Other	\$ (2) – \$ (4)

\* Excluding key items on Slide 23. Current estimates based upon expectations as of the date of this presentation.

# Ashland Opportunities

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**Primary goal: All businesses performing at their highest potential**

- Global expansion
- Create a unified, cross-business operating environment
  - GlobalOne – Enabling systems technology for growth
  - Supply chain integration
- Improve performance of Performance Materials, Distribution and Water Technologies
- Make acquisitions that fit strategically in spaces where we can win
  - Patience
  - Reasonable multiples

# ASHLAND®



## Questions?