
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D. C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): September 9, 2011

ASHLAND INC.
(Exact name of registrant as specified in its charter)

Kentucky
(State or other jurisdiction of incorporation)

1-32532
(Commission File Number)

20-0865835
(I.R.S. Employer Identification No.)

**50 E. RiverCenter Boulevard
P.O. Box 391
Covington, Kentucky 41012-0391
Registrant's telephone number, including area code (859) 815-3333**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 8.01. Other Events

Ashland Inc. (Ashland) has elected to change to a more preferable method of accounting for actuarial gains and losses for pension and other postretirement benefits as permitted under U.S. generally accepted accounting principles. Historically, Ashland has recognized actuarial gains and losses as a component of Stockholders' Equity in its Consolidated Balance Sheet on an annual basis, amortizing them into operating results in its Statement of Consolidated Income over the average future service period of active employees in these plans.

Ashland now has elected to immediately recognize actuarial gains and losses in its operating results in the year in which the gains and losses occur. Ashland believes that this change will improve transparency in its operating results by recognizing the effects of economic and interest rate trends on plan investments and assumptions in the year these gains and losses are actually incurred. These gains and losses will be measured annually as of September 30, and accordingly, will be recorded during the fourth quarter of its fiscal year.

Ashland will apply these changes in accounting principle retrospectively to all periods to be presented in the Form 10-K for the year ending September 30, 2011. The aggregate effect of the change on Retained Earnings as of June 30, 2011 (the most recent period for which gains and losses are available on a cumulative basis) was a decrease of approximately \$500 million, with the corresponding increase to Accumulated Other Comprehensive Income. In addition, the aggregate effect on Ashland's earnings per share for the nine months ended June 30, 2011 increased \$1.27 to a total of \$4.10.

Ashland's operating segment (segment) results follow internal management reporting, which is used for making operating decisions and assessing performance. Historically, total pension and other postretirement benefit costs have been allocated to each segment. In conjunction with the change in accounting principle, the service cost, which represents the benefits earned by active employees during the period, will continue to be allocated to each segment, while interest cost, return on assets and the actuarial gain (loss) will now be recorded in the Unallocated and Other segment, since those financing activities are managed at the corporate level. This change in expense allocation will allow Ashland to better reflect within its segments the actual service costs being incurred as a part of operating each business, while legacy liability costs remaining from previously divested businesses and the other components of net periodic benefit costs will be retained within the Unallocated and Other segment.

As a convenience to investors who may want to consider the effects of this change, Ashland has provided in Exhibit 99.1 unaudited annual consolidated and segment results for 2007, 2008, 2009 and 2010 updated for the retrospective application of the changes in accounting principle and change in segment reporting as previously discussed. In addition, Ashland has also provided in Exhibit 99.2 unaudited quarterly consolidated segment results for 2010 and the first three quarters of 2011. Within these exhibits Ashland has disclosed "EBITDA" and "Adjusted EBITDA" results. Such measurements are not prepared in accordance with U.S. GAAP and should not be construed as an alternative to reported results determined in accordance with U.S. GAAP. Management believes the use of such non-GAAP measures on a consolidated and segment basis assists investors in understanding the ongoing operating performance by presenting the financial results between periods on a more comparable basis. In addition, the "As Reported" column in each exhibit relates to information previously filed under applicable Form 10-K or 10-Q filings, which have been adjusted for discontinued operations related to the sale of Ashland Distribution for 2007, and as previously amended for the annual periods 2008, 2009 and 2010, in a Form 8-K filing on April 5, 2011.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

99.1 Ashland Inc. Annual Statements of Consolidated Income and Segment Results –
Reported and As Amended

99.2 Ashland Inc. Quarterly Statements of Consolidated Income and Segment Results –
Reported and As Amended

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ASHLAND INC.

(Registrant)

September 9, 2011

/s/ Lamar M. Chambers

Lamar M. Chambers
Senior Vice President and
Chief Financial Officer

EXHIBIT INDEX

- 99.1 Ashland Inc. Annual Statements of Consolidated Income and Segment Results – Reported and As Amended
- 99.2 Ashland Inc. Quarterly Statements of Consolidated Income and Segment Results – Reported and As Amended

Ashland Inc. and Consolidated Subsidiaries
Unaudited Statement of Consolidated Income
Year Ended September 30, 2010

(In millions except share and per share data)	As Reported	Effect of Change	As Amended
Sales	\$ 5,741	\$ -	\$ 5,741
Costs and expenses			
Cost of sales	4,058	66	4,124
Selling, general and administrative expense	1,168	162	1,330
Research and development expense	86	-	86
	<u>5,312</u>	<u>228</u>	<u>5,540</u>
Equity and other income	<u>48</u>	<u>-</u>	<u>48</u>
Operating income	477	(228)	249
Net interest and other financing expense	(197)	-	(197)
Net gain on acquisitions and divestitures	21	-	21
Other income	<u>2</u>	<u>-</u>	<u>2</u>
Income from continuing operations before income taxes	303	(228)	75
Income tax expense (benefit)	<u>62</u>	<u>(75)</u>	<u>(13)</u>
Income from continuing operations	241	(153)	88
Income from discontinued operations	<u>91</u>	<u>(38)</u>	<u>53</u>
Net income	<u>\$ 332</u>	<u>\$ (191)</u>	<u>\$ 141</u>
Earnings per share from continuing operations			
Basic	\$ 3.10	(1.96)	\$ 1.14
Diluted	\$ 3.04	(1.93)	\$ 1.11
Earnings per share from net income			
Basic	\$ 4.26	(2.45)	\$ 1.81
Diluted	\$ 4.18	(2.40)	\$ 1.78
Average common shares outstanding (in millions)			
Basic	78	-	78
Diluted	79	-	79
Gross profit as a percentage of sales	29.3%	-1.1%	28.2%
Operating income (loss)			
Functional Ingredients	\$ 115	\$ 10	\$ 125
Water Technologies	114	16	130
Performance Materials	23	9	32
Consumer Markets	262	8	270
Unallocated and other	<u>(37)</u>	<u>(271)</u>	<u>(308)</u>
	<u>\$ 477</u>	<u>\$ (228)</u>	<u>\$ 249</u>
Key Items and Adjusted EBITDA			
Operating income	\$ 477	\$ (228)	\$ 249
Depreciation and amortization	<u>280</u>	<u>-</u>	<u>280</u>
EBITDA	757	(228)	529
Severance	11	-	11
Actuarial loss on pension and other postretirement plan remeasurement	<u>-</u>	<u>268</u>	<u>268</u>
Adjusted EBITDA	<u>\$ 768</u>	<u>\$ 40</u>	<u>\$ 808</u>

Ashland Inc. and Consolidated Subsidiaries
Unaudited Statement of Consolidated Income
Year Ended September 30, 2009

(In millions except share and per share data)	As Reported	Effect of Change	As Amended
Sales	\$ 5,220	\$ -	\$ 5,220
Costs and expenses			
Cost of sales	3,732	118	3,850
Selling, general and administrative expense	1,115	284	1,399
Research and development expense	96	-	96
	<u>4,943</u>	<u>402</u>	<u>5,345</u>
Equity and other income	<u>34</u>	<u>-</u>	<u>34</u>
Operating income	311	(402)	(91)
Net interest and other financing expense	(205)	-	(205)
Net gain on acquisitions and divestitures	59	-	59
Other expense	<u>(86)</u>	<u>-</u>	<u>(86)</u>
Income from continuing operations before income taxes	79	(402)	(323)
Income tax expense (benefit)	<u>52</u>	<u>(135)</u>	<u>(83)</u>
Income (loss) from continuing operations	27	(267)	(240)
Income (loss) from discontinued operations	<u>44</u>	<u>(65)</u>	<u>(21)</u>
Net income (loss)	<u>\$ 71</u>	<u>\$ (332)</u>	<u>\$ (261)</u>
Earnings per share from continuing operations			
Basic	\$ 0.38	(3.69)	\$ (3.31)
Diluted	\$ 0.37	(3.68)	\$ (3.31)
Earnings per share from net income (loss)			
Basic	\$ 0.98	(4.58)	\$ (3.60)
Diluted	\$ 0.96	(4.56)	\$ (3.60)
Average common shares outstanding (in millions)			
Basic	72	-	72
Diluted	73	(1)	72
Gross profit as a percentage of sales	28.5%	-2.3%	26.2%
Operating income (loss)			
Functional Ingredients	\$ 36	\$ 8	\$ 44
Water Technologies	78	17	95
Performance Materials	1	9	10
Consumer Markets	252	7	259
Unallocated and other	<u>(56)</u>	<u>(443)</u>	<u>(499)</u>
	<u>\$ 311</u>	<u>\$ (402)</u>	<u>\$ (91)</u>
Key Items and Adjusted EBITDA			
Operating income	\$ 311	\$ (402)	\$ (91)
Depreciation and amortization	<u>315</u>	<u>-</u>	<u>315</u>
EBITDA	626	(402)	224
Severance	50	-	50
Inventory fair value adjustment	37	-	37
Results of the Hercules business prior to acquisition	35	-	35
Plant closing costs	4	-	4
Currency gain on intracompany loan	(5)	-	(5)
Actuarial loss on pension and other postretirement plan remeasurement	-	409	409
Adjusted EBITDA	<u>\$ 747</u>	<u>\$ 7</u>	<u>\$ 754</u>

Ashland Inc. and Consolidated Subsidiaries
Unaudited Statement of Consolidated Income
Year Ended September 30, 2008

(In millions except share and per share data)	As Reported	Effect of Change	As Amended
Sales	\$ 4,176	\$ -	\$ 4,176
Costs and expenses			
Cost of sales	3,191	18	3,209
Selling, general and administrative expense	860	40	900
Research and development expense	48	-	48
	<u>4,099</u>	<u>58</u>	<u>4,157</u>
Equity and other income	<u>50</u>	<u>-</u>	<u>50</u>
Operating income	127	(58)	69
Net interest and other financing income	28	-	28
Net gain on acquisitions and divestitures	20	-	20
Income from continuing operations before income taxes	<u>175</u>	<u>(58)</u>	<u>117</u>
Income tax expense	53	(23)	30
Income from continuing operations	<u>122</u>	<u>(35)</u>	<u>87</u>
Income from discontinued operations	45	(16)	29
Net income	<u>\$ 167</u>	<u>\$ (51)</u>	<u>\$ 116</u>
Earnings per share from continuing operations			
Basic	\$ 1.95	(0.56)	\$ 1.39
Diluted	\$ 1.93	(0.56)	\$ 1.37
Earnings per share from net income			
Basic	\$ 2.65	(0.82)	\$ 1.83
Diluted	\$ 2.63	(0.81)	\$ 1.82
Average common shares outstanding (in millions)			
Basic	63	-	63
Diluted	64	-	64
Gross profit as a percentage of sales	23.6%	-0.4%	23.2%
Operating income (loss)			
Functional Ingredients	\$ -	\$ -	\$ -
Water Technologies	10	(2)	8
Performance Materials	52	(3)	49
Consumer Markets	83	(1)	82
Unallocated and other	(18)	(52)	(70)
	<u>\$ 127</u>	<u>\$ (58)</u>	<u>\$ 69</u>
Key Items and Adjusted EBITDA			
Operating income	\$ 127	\$ (58)	\$ 69
Depreciation and amortization	121	-	121
EBITDA	<u>248</u>	<u>(58)</u>	<u>190</u>
Severance	9	-	9
Results of the Hercules business prior to acquisition	381	-	381
Ashland-Cargill JV write-off and other due diligence costs	8	-	8
Actuarial loss on pension and other postretirement plan remeasurement	-	60	60
Adjusted EBITDA	<u>\$ 646</u>	<u>\$ 2</u>	<u>\$ 648</u>

Ashland Inc. and Consolidated Subsidiaries
Unaudited Statement of Consolidated Income
Year Ended September 30, 2007

(In millions except share and per share data)	As Reported	Effect of Change	As Amended
Sales	\$ 3,923	\$ -	\$ 3,923
Costs and expenses			
Cost of sales	2,903	(44)	2,859
Selling, general and administrative expense	874	(113)	761
Research and development expense	45	-	45
	<u>3,822</u>	<u>(157)</u>	<u>3,665</u>
Equity and other income	<u>46</u>	<u>-</u>	<u>46</u>
Operating income	147	157	304
Net interest and other financing income	46	-	46
Net gain on acquisitions and divestitures	<u>(3)</u>	<u>-</u>	<u>(3)</u>
Income from continuing operations before income taxes	190	157	347
Income tax expense	<u>32</u>	<u>58</u>	<u>90</u>
Income from continuing operations	158	99	257
Income from discontinued operations	<u>72</u>	<u>46</u>	<u>118</u>
Net income	<u>\$ 230</u>	<u>\$ 145</u>	<u>\$ 375</u>
Earnings per share from continuing operations			
Basic	\$ 2.51	1.58	\$ 4.09
Diluted	\$ 2.47	1.56	\$ 4.03
Earnings per share from net income			
Basic	\$ 3.66	2.31	\$ 5.97
Diluted	\$ 3.60	2.27	\$ 5.87
Average common shares outstanding (in millions)			
Basic	63	-	63
Diluted	64	-	64
Gross profit as a percentage of sales	26.0%	1.1%	27.1%
Operating income (loss)			
Functional Ingredients	\$ -	\$ -	\$ -
Water Technologies	16	5	21
Performance Materials	89	8	97
Consumer Markets	86	5	91
Unallocated and other	<u>(44)</u>	<u>139</u>	<u>95</u>
	<u>\$ 147</u>	<u>\$ 157</u>	<u>\$ 304</u>
Key Items and Adjusted EBITDA			
Operating income	\$ 147	\$ 157	\$ 304
Depreciation and amortization	<u>111</u>	<u>-</u>	<u>111</u>
EBITDA	258	157	415
APAC restructuring charge	25	-	25
Non-North American reporting lag elimination	(6)	-	(6)
Results of the Hercules business prior to acquisition	392	-	392
Actuarial gain on pension and other postretirement plan remeasurement	<u>-</u>	<u>(141)</u>	<u>(141)</u>
Adjusted EBITDA	<u>\$ 669</u>	<u>\$ 16</u>	<u>\$ 685</u>

Ashland Inc. and Consolidated Subsidiaries
Unaudited Statement of Consolidated Income
Nine Months Ended June 30, 2011

(In millions except share and per share data)	As Reported	Effect of Change	As Amended
Sales	\$ 4,656	\$ -	\$ 4,656
Costs and expenses			
Cost of sales	3,411	(49)	3,362
Selling, general and administrative expense	882	(110)	772
Research and development expense	64	-	64
	<u>4,357</u>	<u>(159)</u>	<u>4,198</u>
Equity and other income	<u>42</u>	<u>-</u>	<u>42</u>
Operating income	341	159	500
Net interest and other financing expense	(88)	-	(88)
Net gain on acquisitions and divestitures	20	-	20
Income from continuing operations before income taxes	<u>273</u>	<u>159</u>	<u>432</u>
Income tax expense	46	58	104
Income from continuing operations	<u>227</u>	<u>101</u>	<u>328</u>
Income from discontinued operations	300	49	349
Net income	<u>\$ 527</u>	<u>\$ 150</u>	<u>\$ 677</u>
Earnings per share from continuing operations			
Basic	\$ 2.89	1.29	\$ 4.18
Diluted	\$ 2.83	1.27	\$ 4.10
Earnings per share from net income			
Basic	\$ 6.70	1.91	\$ 8.61
Diluted	\$ 6.57	1.87	\$ 8.44
Average common shares outstanding (in millions)			
Basic	78	-	78
Diluted	80	-	80
Gross profit as a percent of sales	26.7%	1.1%	27.8%
Operating income (loss)			
Functional Ingredients	\$ 109	\$ 6	\$ 115
Water Technologies	73	10	83
Performance Materials	21	4	25
Consumer Markets	178	6	184
Unallocated and other	(40)	133	93
	<u>\$ 341</u>	<u>\$ 159</u>	<u>\$ 500</u>
Key Items and Adjusted EBITDA			
Operating income	\$ 341	\$ 159	\$ 500
Depreciation and amortization	211	-	211
EBITDA	<u>552</u>	<u>159</u>	<u>711</u>
Environmental reserve adjustment	6	-	6
Castings Solutions transaction and start-up costs	3	-	3
Actuarial gain on pension and other postretirement plan remeasurement	-	(120)	(120)
Adjusted EBITDA	<u>\$ 561</u>	<u>\$ 39</u>	<u>\$ 600</u>

Ashland Inc. and Consolidated Subsidiaries
Unaudited Statement of Consolidated Income
Three Months Ended June 30, 2011

(In millions except share and per share data)	As Reported	Effect of Change	As Amended
Sales	\$ 1,667	\$ -	\$ 1,667
Costs and expenses			
Cost of sales	1,236	(3)	1,233
Selling, general and administrative expense	304	(6)	298
Research and development expense	22	-	22
	<u>1,562</u>	<u>(9)</u>	<u>1,553</u>
Equity and other income	<u>15</u>	<u>-</u>	<u>15</u>
Operating income	120	9	129
Net interest and other financing expense	(22)	-	(22)
Net loss on acquisitions and divestitures	<u>(1)</u>	<u>-</u>	<u>(1)</u>
Income from continuing operations before income taxes	97	9	106
Income tax expense	<u>28</u>	<u>3</u>	<u>31</u>
Income from continuing operations	69	6	75
Income from discontinued operations	<u>18</u>	<u>-</u>	<u>18</u>
Net income	<u>\$ 87</u>	<u>\$ 6</u>	<u>\$ 93</u>
Earnings per share from continuing operations			
Basic	\$ 0.88	0.08	\$ 0.96
Diluted	\$ 0.86	0.08	\$ 0.94
Earnings per share from net income			
Basic	\$ 1.12	0.08	\$ 1.20
Diluted	\$ 1.09	0.08	\$ 1.17
Average common shares outstanding (in millions)			
Basic	78	-	78
Diluted	80	-	80
Gross profit as a percent of sales	25.9%	0.1%	26.0%
Operating income (loss)			
Functional Ingredients	\$ 50	\$ 1	\$ 51
Water Technologies	22	2	24
Performance Materials	12	-	12
Consumer Markets	51	1	52
Unallocated and other	<u>(15)</u>	<u>5</u>	<u>(10)</u>
	<u>\$ 120</u>	<u>\$ 9</u>	<u>\$ 129</u>
Key Items and Adjusted EBITDA			
Operating income	\$ 120	\$ 9	\$ 129
Depreciation and amortization	<u>68</u>	<u>-</u>	<u>68</u>
EBITDA	188	9	197
Environmental reserve adjustment	6	-	6
Actuarial gain on pension and other postretirement plan remeasurement	<u>-</u>	<u>-</u>	<u>-</u>
Adjusted EBITDA	<u>\$ 194</u>	<u>\$ 9</u>	<u>\$ 203</u>

Ashland Inc. and Consolidated Subsidiaries
Unaudited Statement of Consolidated Income
Three Months Ended March 31, 2011

(In millions except share and per share data)	As Reported	Effect of Change	As Amended
Sales	\$ 1,557	\$ -	\$ 1,557
Costs and expenses			
Cost of sales	1,135	(41)	1,094
Selling, general and administrative expense	292	(93)	199
Research and development expense	22	-	22
	<u>1,449</u>	<u>(134)</u>	<u>1,315</u>
Equity and other income	<u>14</u>	<u>-</u>	<u>14</u>
Operating income	122	134	256
Net interest and other financing expense	(39)	-	(39)
Net gain on acquisitions and divestitures	-	-	-
Income from continuing operations before income taxes	<u>83</u>	<u>134</u>	<u>217</u>
Income tax (benefit) expense	<u>(13)</u>	<u>48</u>	<u>35</u>
Income from continuing operations	<u>96</u>	<u>86</u>	<u>182</u>
Income from discontinued operations	<u>257</u>	<u>46</u>	<u>303</u>
Net income	<u>\$ 353</u>	<u>\$ 132</u>	<u>\$ 485</u>
Earnings per share from continuing operations			
Basic	\$ 1.22	1.08	\$ 2.30
Diluted	\$ 1.20	1.06	\$ 2.26
Earnings per share from net income			
Basic	\$ 4.47	1.66	\$ 6.13
Diluted	\$ 4.39	1.63	\$ 6.02
Average common shares outstanding (in millions)			
Basic	79	-	79
Diluted	80	-	80
Gross profit as a percent of sales	27.1%	2.6%	29.7%
Operating income (loss)			
Functional Ingredients	\$ 41	\$ 2	\$ 43
Water Technologies	27	4	31
Performance Materials	3	2	5
Consumer Markets	62	2	64
Unallocated and other	(11)	124	113
	<u>\$ 122</u>	<u>\$ 134</u>	<u>\$ 256</u>
Key Items and Adjusted EBITDA			
Operating income	\$ 122	\$ 134	\$ 256
Depreciation and amortization	70	-	70
EBITDA	<u>192</u>	<u>134</u>	<u>326</u>
Castings Solutions transaction and start-up costs	-	-	-
Actuarial gain on pension and other postretirement plan remeasurement	-	(120)	(120)
Adjusted EBITDA	<u>\$ 192</u>	<u>\$ 14</u>	<u>\$ 206</u>

Ashland Inc. and Consolidated Subsidiaries
Unaudited Statement of Consolidated Income
Three Months Ended December 31, 2010

(In millions except share and per share data)	As Reported	Effect of Change	As Amended
Sales	\$ 1,433	\$ -	\$ 1,433
Costs and expenses			
Cost of sales	1,040	(5)	1,035
Selling, general and administrative expense	286	(10)	276
Research and development expense	20	-	20
	<u>1,346</u>	<u>(15)</u>	<u>1,331</u>
Equity and other income	<u>12</u>	<u>-</u>	<u>12</u>
Operating income	99	15	114
Net interest and other financing expense	(27)	-	(27)
Net gain on acquisitions and divestitures	21	-	21
Income from continuing operations before income taxes	<u>93</u>	<u>15</u>	<u>108</u>
Income tax expense	31	6	37
Income from continuing operations	<u>62</u>	<u>9</u>	<u>71</u>
Income from discontinued operations	25	3	28
Net income	<u>\$ 87</u>	<u>\$ 12</u>	<u>\$ 99</u>
Earnings per share from continuing operations			
Basic	\$ 0.79	0.13	\$ 0.92
Diluted	\$ 0.78	0.13	\$ 0.91
Earnings per share from net income			
Basic	\$ 1.11	0.16	\$ 1.27
Diluted	\$ 1.09	0.16	\$ 1.25
Average common shares outstanding (in millions)			
Basic	79	-	79
Diluted	80	-	80
Gross profit as a percent of sales	27.4%	0.4%	27.8%
Operating income (loss)			
Functional Ingredients	\$ 19	\$ 3	\$ 22
Water Technologies	24	4	28
Performance Materials	6	2	8
Consumer Markets	65	2	67
Unallocated and other	(15)	4	(11)
	<u>\$ 99</u>	<u>\$ 15</u>	<u>\$ 114</u>
Key Items and Adjusted EBITDA			
Operating income	\$ 99	\$ 15	\$ 114
Depreciation and amortization	73	-	73
EBITDA	<u>172</u>	<u>15</u>	<u>187</u>
Castings Solutions transaction and start-up costs	3	-	3
Actuarial gain on pension and other postretirement plan remeasurement	-	-	-
Adjusted EBITDA	<u>\$ 175</u>	<u>\$ 15</u>	<u>\$ 190</u>

Ashland Inc. and Consolidated Subsidiaries
Unaudited Statement of Consolidated Income
Three Months Ended September 30, 2010

(In millions except share and per share data)	As Reported	Effect of Change	As Amended
Sales	\$ 1,516	\$ -	\$ 1,516
Costs and expenses			
Cost of sales	1,123	75	1,198
Selling, general and administrative expense	299	184	483
Research and development expense	23	-	23
	<u>1,445</u>	<u>259</u>	<u>1,704</u>
Equity and other income	<u>8</u>	<u>-</u>	<u>8</u>
Operating income	79	(259)	(180)
Net interest and other financing expense	(27)	-	(27)
Net gain on acquisitions and divestitures	4	-	4
Other income	1	-	1
Income from continuing operations before income taxes	<u>57</u>	<u>(259)</u>	<u>(202)</u>
Income tax expense (benefit)	3	(84)	(81)
Income (loss) from continuing operations	<u>54</u>	<u>(175)</u>	<u>(121)</u>
Income (loss) from discontinued operations	22	(42)	(20)
Net income (loss)	<u>\$ 76</u>	<u>\$ (217)</u>	<u>\$ (141)</u>
Earnings per share from continuing operations			
Basic	\$ 0.69	(2.22)	\$ (1.53)
Diluted	\$ 0.68	(2.21)	\$ (1.53)
Earnings per share from net income (loss)			
Basic	\$ 0.97	(2.76)	\$ (1.79)
Diluted	\$ 0.96	(2.75)	\$ (1.79)
Average common shares outstanding (in millions)			
Basic	79	-	79
Diluted	80	(1)	79
Gross profit as a percentage of sales	25.9%	-4.9%	21.0%
Operating income (loss)			
Functional Ingredients	\$ 19	\$ 2	\$ 21
Water Technologies	19	4	23
Performance Materials	(2)	2	-
Consumer Markets	52	2	54
Unallocated and other	(9)	(269)	(278)
	<u>\$ 79</u>	<u>\$ (259)</u>	<u>\$ (180)</u>
Key Items and Adjusted EBITDA			
Operating income	\$ 79	\$ (259)	\$ (180)
Depreciation and amortization	71	-	71
EBITDA	<u>150</u>	<u>(259)</u>	<u>(109)</u>
Severance	11	-	11
Actuarial loss on pension and other postretirement plan remeasurement	-	268	268
Adjusted EBITDA	<u>\$ 161</u>	<u>\$ 9</u>	<u>\$ 170</u>

Ashland Inc. and Consolidated Subsidiaries
Unaudited Statement of Consolidated Income
Three Months Ended June 30, 2010

(In millions except share and per share data)	As Reported	Effect of Change	As Amended
Sales	\$ 1,478	\$ -	\$ 1,478
Costs and expenses			
Cost of sales	1,037	(3)	1,034
Selling, general and administrative expense	291	(8)	283
Research and development expense	23	-	23
	<u>1,351</u>	<u>(11)</u>	<u>1,340</u>
Equity and other income	<u>12</u>	<u>-</u>	<u>12</u>
Operating income	139	11	150
Net interest and other financing expense	(26)	-	(26)
Net gain on acquisitions and divestitures	23	-	23
Other income	-	-	-
Income from continuing operations before income taxes	<u>136</u>	<u>11</u>	<u>147</u>
Income tax expense	19	3	22
Income from continuing operations	<u>117</u>	<u>8</u>	<u>125</u>
Income from discontinued operations	31	1	32
Net income	<u><u>\$ 148</u></u>	<u><u>\$ 9</u></u>	<u><u>\$ 157</u></u>
 Earnings per share from continuing operations			
Basic	\$ 1.49	0.09	\$ 1.58
Diluted	\$ 1.46	0.09	\$ 1.55
 Earnings per share from net income			
Basic	\$ 1.89	0.12	\$ 2.01
Diluted	\$ 1.85	0.11	\$ 1.96
 Average common shares outstanding (in millions)			
Basic	78	-	78
Diluted	80	-	80
 Gross profit as a percentage of sales	29.8%	0.2%	30.0%
 Operating income (loss)			
Functional Ingredients	\$ 34	\$ 3	\$ 37
Water Technologies	26	4	30
Performance Materials	12	3	15
Consumer Markets	73	2	75
Unallocated and other	(6)	(1)	(7)
	<u>\$ 139</u>	<u>\$ 11</u>	<u>\$ 150</u>
 Key Items and Adjusted EBITDA			
Operating income	\$ 139	\$ 11	\$ 150
Depreciation and amortization	68	-	68
EBITDA	<u>207</u>	<u>11</u>	<u>218</u>
Severance	-	-	-
Actuarial loss on pension and other postretirement plan remeasurement	-	-	-
Adjusted EBITDA	<u><u>\$ 207</u></u>	<u><u>\$ 11</u></u>	<u><u>\$ 218</u></u>

Ashland Inc. and Consolidated Subsidiaries
Unaudited Statement of Consolidated Income
Three Months Ended March 31, 2010

(In millions except share and per share data)	As Reported	Effect of Change	As Amended
Sales	\$ 1,423	\$ -	\$ 1,423
Costs and expenses			
Cost of sales	992	(3)	989
Selling, general and administrative expense	293	(7)	286
Research and development expense	20	-	20
	<u>1,305</u>	<u>(10)</u>	<u>1,295</u>
Equity and other income	<u>14</u>	<u>-</u>	<u>14</u>
Operating income	132	10	142
Net interest and other financing expense	(103)	-	(103)
Net gain on acquisitions and divestitures	(5)	-	(5)
Other income	-	-	-
Income from continuing operations before income taxes	<u>24</u>	<u>10</u>	<u>34</u>
Income tax expense	<u>18</u>	<u>3</u>	<u>21</u>
Income from continuing operations	<u>6</u>	<u>7</u>	<u>13</u>
Income from discontinued operations	<u>16</u>	<u>1</u>	<u>17</u>
Net income	<u>\$ 22</u>	<u>\$ 8</u>	<u>\$ 30</u>
Earnings per share from continuing operations			
Basic	\$ 0.07	0.08	\$ 0.15
Diluted	\$ 0.07	0.08	\$ 0.15
Earnings per share from net income			
Basic	\$ 0.28	0.10	\$ 0.38
Diluted	\$ 0.27	0.10	\$ 0.37
Average common shares outstanding (in millions)			
Basic	78	-	78
Diluted	80	-	80
Gross profit as a percentage of sales	30.3%	0.2%	30.5%
Operating income (loss)			
Functional Ingredients	\$ 34	\$ 2	\$ 36
Water Technologies	31	4	35
Performance Materials	6	3	9
Consumer Markets	69	2	71
Unallocated and other	(8)	(1)	(9)
	<u>\$ 132</u>	<u>\$ 10</u>	<u>\$ 142</u>
Key Items and Adjusted EBITDA			
Operating income	\$ 132	\$ 10	\$ 142
Depreciation and amortization	<u>67</u>	<u>-</u>	<u>67</u>
EBITDA	199	10	209
Severance	-	-	-
Actuarial loss on pension and other postretirement plan remeasurement	-	-	-
Adjusted EBITDA	<u>\$ 199</u>	<u>\$ 10</u>	<u>\$ 209</u>

Ashland Inc. and Consolidated Subsidiaries
Unaudited Statement of Consolidated Income
Three Months Ended December 31, 2009

(In millions except share and per share data)	As Reported	Effect of Change	As Amended
Sales	\$ 1,324	\$ -	\$ 1,324
Costs and expenses			
Cost of sales	906	(3)	903
Selling, general and administrative expense	284	(7)	277
Research and development expense	20	-	20
	<u>1,210</u>	<u>(10)</u>	<u>1,200</u>
Equity and other income	<u>13</u>	<u>-</u>	<u>13</u>
Operating income	127	10	137
Net interest and other financing expense	(41)	-	(41)
Net gain on acquisitions and divestitures	-	-	-
Other income	-	-	-
Income from continuing operations before income taxes	<u>86</u>	<u>10</u>	<u>96</u>
Income tax expense	<u>22</u>	<u>3</u>	<u>25</u>
Income from continuing operations	<u>64</u>	<u>7</u>	<u>71</u>
Income from discontinued operations	<u>22</u>	<u>2</u>	<u>24</u>
Net income	<u>\$ 86</u>	<u>\$ 9</u>	<u>\$ 95</u>
Earnings per share from continuing operations			
Basic	\$ 0.84	0.09	\$ 0.93
Diluted	\$ 0.82	0.09	\$ 0.91
Earnings per share from net income			
Basic	\$ 1.13	0.11	\$ 1.24
Diluted	\$ 1.10	0.11	\$ 1.21
Average common shares outstanding (in millions)			
Basic	77	-	77
Diluted	78	-	78
Gross profit as a percentage of sales	31.6%	0.2%	31.8%
Operating income (loss)			
Functional Ingredients	\$ 27	\$ 3	\$ 30
Water Technologies	39	4	43
Performance Materials	8	1	9
Consumer Markets	67	2	69
Unallocated and other	(14)	-	(14)
	<u>\$ 127</u>	<u>\$ 10</u>	<u>\$ 137</u>
Key Items and Adjusted EBITDA			
Operating income	\$ 127	\$ 10	\$ 137
Depreciation and amortization	<u>74</u>	<u>-</u>	<u>74</u>
EBITDA	<u>201</u>	<u>10</u>	<u>211</u>
Severance	-	-	-
Actuarial loss on pension and other postretirement plan remeasurement	-	-	-
Adjusted EBITDA	<u>\$ 201</u>	<u>\$ 10</u>	<u>\$ 211</u>