

ASHLAND INC.
Form DEF 14A
December 12, 2008
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SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a)

OF THE SECURITIES EXCHANGE ACT OF 1934 (AMENDMENT NO.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement Confidential, for Use of the Commission Only
 Definitive Proxy Statement (as Permitted by Rule 14a-6(E)(2))
 Definitive Additional Materials
 Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

ASHLAND INC.

(Name of Registrant as Specified in Its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required
 Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies: N/A

(2) Aggregate number of securities to which transaction applies: N/A

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): N/A

(4) Proposed maximum aggregate value of transaction: N/A

(5) Total fee paid: N/A

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid: N/A

(2) Form, Schedule or Registration Statement No.: N/A

(3) Filing Party: N/A

(4) Date Filed: N/A

Notes:

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James J. O'Brien

Ashland Inc.

Chairman and

50 E. RiverCenter Blvd., P.O. Box 391

Chief Executive Officer

Covington, KY 41012-0391

December 12, 2008

Dear Ashland Inc. Shareholder:

On behalf of your Board of Directors and management, I am pleased to invite you to attend the 2009 Annual Meeting of Shareholders of Ashland Inc. The meeting will be held on Thursday, January 29, 2009, at 10:30 a.m. (EST), at the Metropolitan Club, 50 E. RiverCenter Boulevard, Covington, Kentucky.

The attached Notice of Annual Meeting and Proxy Statement describe the business to be conducted at the meeting, including the election of five directors, the ratification of our independent registered public accountants and the amendment of Ashland's Articles of Incorporation to provide for majority voting for the election of directors in uncontested elections.

Whether or not you plan to attend the meeting, we encourage you to vote promptly, following the instructions on your Proxy Card.

We appreciate your continued confidence in Ashland, and we look forward to seeing you at the meeting.

Sincerely,

James J. O'Brien

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Ashland Inc.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To be held January 29, 2009

To our Shareholders:

Ashland Inc. will hold its Annual Meeting of Shareholders on Thursday, January 29, 2009, at 10:30 a.m. (EST) at the Metropolitan Club, 50 E. RiverCenter Boulevard, Covington, Kentucky. Ashland's shareholders will act on the following matters at the Annual Meeting or any adjournment of that meeting:

- (1) To elect four directors to Class II: Roger W. Hale, Vada O. Manager, George A. Schaefer, Jr., and John F. Turner; and one director to Class III: Mark C. Rohr;
- (2) To ratify the appointment of PricewaterhouseCoopers LLP as independent registered public accountants for fiscal 2009;
- (3) To amend Ashland's Articles of Incorporation to provide for majority voting for the election of directors in uncontested elections; and
- (4) To consider any other business properly brought before the Annual Meeting.

Only shareholders of record at the close of business on December 1, 2008, are entitled to vote at the Annual Meeting or any adjournment of that meeting. Your vote will constitute voting instructions to the applicable Trustee of the respective plan for the shares held in your account if you are a participant in the Ashland Inc. Employee Savings Plan (the "Employee Savings Plan"), the Ashland Inc. Leveraged Employee Stock Ownership Plan (the "LESOP") or the Hercules Incorporated Savings and Investment Plan (the "SIP").

In order that your Ashland Common Stock may be represented at the Annual Meeting, please vote in person, by telephone, over the Internet or by mailing your proxy card. Our proxy tabulator, National City Bank or its agent, must receive all voting instructions to the Trustee of the Employee Savings Plan, the LESOP and the SIP whether given by telephone, over the Internet or by mail, before 6:00 a.m. (EST) on Tuesday, January 27, 2009.

By Order of the Board of Directors,

LINDA L. FOSS

Assistant General Counsel

and Corporate Secretary

Covington, Kentucky

December 12, 2008

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ASHLAND INC.
PROXY STATEMENT
for
ANNUAL MEETING OF SHAREHOLDERS
QUESTIONS AND ANSWERS ABOUT THE MEETING

Q: What am I voting on?

- A:** (1) Election of four directors to Class II: Roger W. Hale, Vada O. Manager, George A. Schaefer, Jr., and John F. Turner; and one director to Class III: Mark C. Rohr;
- (2) Ratification of PricewaterhouseCoopers LLP (PwC) as Ashland's independent registered public accountants for fiscal 2009; and
- (3) To amend Ashland's Articles of Incorporation to provide for majority voting for the election of directors in uncontested elections.

Q: Who is entitled to vote at the Annual Meeting?

- A:** Shareholders of Ashland Inc. (Ashland or the Company) at the close of business on December 1, 2008 (the Record Date), are entitled to vote at the Annual Meeting. As of the Record Date, there were 73,624,179 shares of Ashland Common Stock outstanding. Each share of Ashland Common Stock is entitled to one vote.

Q: Who can attend the Annual Meeting?

- A:** All Ashland shareholders on the Record Date are invited to attend the Annual Meeting, although seating is limited. If your shares are held in the name of a nominee (e.g., through a bank or broker), you will need to bring a proxy or letter from that nominee that confirms you are the beneficial owner of those shares.

Q: When will the proxy statement and proxy card be mailed to Ashland shareholders?

- A:** The proxy statement and proxy card will be mailed to Ashland shareholders on or about December 15, 2008.

Q: How do I vote?

- A:** If your shares are registered in the name of a nominee, follow the instructions provided by your nominee to vote your shares. If your shares are registered in your name:

You may vote in person at the Annual Meeting. You may obtain directions to the Annual Meeting in order to vote in person by calling Ashland's Investor Relations department at 859-815-4454.

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You may vote by telephone. You may vote by telephone regardless of whether you receive your Annual Meeting materials through the mail or over the Internet. Simply follow the instructions on your proxy card or electronic access notification. If you vote by telephone, you should not vote over the Internet or mail in your proxy card.

You may vote over the Internet. You may vote over the Internet regardless of whether you receive your Annual Meeting materials through the mail or over the Internet. Simply follow the instructions on your proxy card or electronic access notification. If you vote over the Internet, you should not vote by telephone or mail in your proxy card.

You may vote by mail. If you received a proxy card through the mail, simply complete and sign your proxy card and mail it in the enclosed prepaid and addressed envelope. If you mark your voting instructions on the proxy card, your shares will be voted as you instruct.

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If no voting specification is made on your signed and returned proxy card, James J. O'Brien or Linda L. Foss, as proxies named on the proxy card, will vote FOR the election of the five director nominees, FOR the ratification of PwC and FOR the amendment to the Articles of Incorporation to provide for majority voting for the election of directors in uncontested elections. If you vote by one method provided, you should not vote by any other.

Q: Can I change my vote once I vote by mail, by telephone or over the Internet?

A: Yes. You have the right to change or revoke your proxy (1) at any time before the Annual Meeting by (a) notifying Ashland's Corporate Secretary in writing, (b) returning a later-dated proxy card, or (c) entering a later-dated telephone or Internet vote; or (2) voting in person at the Annual Meeting. However, any changes or revocations of voting instructions to the Trustee of the Leveraged Employee Stock Ownership Plan (the LESOP), Ashland's Employee Savings Plan (the Employee Savings Plan) and the Hercules Incorporated Savings and Investment Plan (the SIP) must be received by our proxy tabulator, National City Bank or its agent, before 6:00 a.m. (EST) on Tuesday, January 27, 2009.

Q: Who counts the vote?

A: Representatives of National City Bank or its agent will tabulate the votes and will act as the inspector of election.

Q: Is my vote confidential?

A: Yes. Your vote is confidential.

Q: What shares are included in the proxy card?

A: Your proxy card represents all shares of Ashland Common Stock that are registered in your name and any shares you hold in Ashland's Open Enrollment Dividend Reinvestment and Stock Purchase Plan (the DRP), the LESOP, the Employee Savings Plan, or the SIP. If your shares are held through a nominee, you will receive either a voting instruction form or a proxy card from the nominee to vote your shares.

Q: How do I vote my shares in the DRP?

A: Shares of Ashland Common Stock credited to your account in the DRP will be voted by National City Bank, the plan administrator, in accordance with your voting instructions.

Q: How will the Trustees of the Employee Savings Plan, the LESOP, and the SIP vote?

A: Each participant in the Employee Savings Plan, the LESOP or the SIP will instruct the applicable Trustee how to vote the shares of Ashland Common Stock credited to the participant's account in each plan. This instruction also applies to a proportionate number of those shares of Ashland Common Stock allocated to participants' accounts but for which voting instructions are not timely received by the Trustee and, in the case of the SIP, this instruction also applies to a proportionate number of those shares of Ashland Common Stock that are not allocated to participant accounts. These shares are collectively referred to as Non-Directed shares. Each participant who gives the

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Trustee such an instruction acts as a named fiduciary for the plans under the Employee Retirement Income Security Act of 1974, as amended (ERISA).

Q: Can a plan participant vote the Non-Directed shares differently from shares credited to his or her account?

A: Yes, provided that you are a participant in the Employee Savings Plan or the LESOP. Any participant in the Employee Savings Plan or the LESOP who wishes to vote the Non-Directed shares differently from the shares credited to his or her account or who wishes not to vote the Non-Directed shares at all may do so by requesting a separate voting instruction card from National City Bank, Corporate Trust Administration, Dept. 3116, 629 Euclid Avenue, Suite 635, Cleveland, Ohio 44114-3484. Participants in the SIP, however, cannot direct that the Non-Directed shares be voted differently from the shares in their accounts.

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Q: What constitutes a quorum?

A: As of the Record Date, 73,624,179 shares of Ashland Common Stock were outstanding. A majority of the outstanding shares present in person or by proxy is required to constitute a quorum to transact business at the Annual Meeting. If you vote in person, by telephone, over the Internet or by returning a properly executed proxy card, you will be considered a part of that quorum. Abstentions and broker non-votes (i.e., when a broker does not have authority to vote on a specific issue) will be treated as present for the purpose of determining a quorum but as unvoted shares for the purpose of determining the approval of any matter submitted to the shareholders for a vote. Abstentions and broker non-votes will have no effect on the election of directors or matters decided by a plurality vote.

Q: What vote is required for passage of each of the proposals up for consideration at the Annual Meeting?

- A:** (1) *Election of directors* Under Ashland's By-laws, the five nominees receiving the greatest number of votes will be elected directors at the Annual Meeting.
- (2) *Ratification of independent registered public accountants* Submission of the appointment of PwC to Ashland's shareholders is not required. However, the appointment will be deemed ratified if votes cast in its favor exceed votes cast against it.
- (3) *Amendment to Articles of Incorporation to provide for majority voting for the election of directors in uncontested elections* The Amendment will be approved if votes cast in its favor exceed votes cast against it.

Q: Where can I find the voting results of the meeting?

A: We intend to announce preliminary voting results at the meeting. We will publish the final results in a press release or in our Quarterly Report on Form 10-Q for the first quarter of fiscal 2009. You can obtain a copy of the Form 10-Q by logging on to our website at <http://investor.ashland.com>, by calling the Securities and Exchange Commission (the SEC) at 1-800-SEC-0330 for the location of the nearest public reference room, or through the EDGAR system at <http://www.sec.gov>.

Q: May I receive future shareholder communications over the Internet?

A: Yes. You may consent to access future shareholder communications (e.g., annual reports, proxy statements, and interim communications) from us or on our behalf over the Internet instead of receiving those documents in the mail. Providing such communications over the Internet will reduce our printing and postage costs and the number of paper documents you would otherwise receive. If you give your consent, in the future, when, and if, material is available over the Internet, you will receive notification that will contain the Internet location of the material. There is no cost to you for this service other than charges you may incur from your Internet, telephone and/or cable provider. Once you give your consent, it will remain in effect until you inform us otherwise. To give your consent, if your shares are registered in your name, follow the prompts when you vote by telephone or over the Internet or check the appropriate box located at the bottom of the proxy card when you vote by mail. If your shares are registered in the name of a nominee, follow the directions provided by such nominee if this option is available. Paper copies of shareholder communications may be requested by contacting National City Bank at 1-800-622-6757.

Important Notice regarding the availability of Proxy Materials for the Annual Meeting to be held on January 29, 2009. This proxy statement and Ashland's 2008 Annual Report to Shareholders are available at www.ashland.com/proxy.

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The following table sets forth information with respect to each person known to Ashland to beneficially own more than 5% of the outstanding shares of Ashland Common Stock as of September 30, 2008.

| Name and Address of Beneficial Owner | Amount and Nature of Common Stock Beneficial Ownership | Percent of Class of Common Stock |
|---------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|-------------------------------------|
| AXA 25 Avenue Matignon Paris, France 75008 | 7,970,922(1) | 12.65% |
| Barclays Global Investors UK Holdings Limited 1 Churchill Place Canary Wharf London, England E14 5HP | 6,939,885(2) | 11.01% |
| Fidelity Management Trust Company 82 Devonshire Street Boston, Massachusetts 02109 | 5,438,360(3) | 8.63% |

- (1) Based upon a Form 13F filed with the SEC for the quarter ended September 30, 2008, AXA and affiliated entities, including AllianceBernstein LP, were the beneficial owners of 7,970,922 shares of Ashland Common Stock with sole voting power over 6,274,925 of these shares and shared voting power over 40 of these shares and no voting power over 1,695,957 of these shares. AXA has shared dispositive power for each of these shares.
- (2) Based upon a Form 13F filed with the SEC for the quarter ended September 30, 2008 by Barclays Global Investors UK Holdings Limited, an indirect subsidiary of Barclays PLC and a direct wholly-owned subsidiary of Barclays Bank PLC (collectively, Barclays), Barclays and affiliated entities were the beneficial owners of 6,939,885 shares of Ashland Common Stock on that date. Barclays has sole voting power for 5,880,702 of these shares and no voting power for 1,059,183 of these shares. Barclays has sole dispositive power for each of these shares.
- (3) As of September 30, 2008, Fidelity Management Trust Company (FMT) was the record owner of 5,438,360 shares of Ashland Common Stock. These shares include 3,083,170 shares held by it as Trustee of the LESOP and 2,355,190 shares held by it as Trustee of the Employee Savings Plan. FMT will vote shares allocated to a participant's LESOP and Employee Savings Plan account as instructed by the participant. This instruction also applies to a proportionate number of those shares of Ashland Common Stock allocated to participants' accounts but for which voting instructions are not timely received by the Trustee. FMT disclaims beneficial ownership of these shares.

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**ASHLAND COMMON STOCK OWNERSHIP OF DIRECTORS
AND EXECUTIVE OFFICERS OF ASHLAND**

The following table shows as of October 31, 2008, the common stock ownership of all directors and executive officers of Ashland named in the Summary Compensation Table on [page 41](#) of this proxy statement and common stock ownership of the directors and executive officers of Ashland as a group.

Common Stock Ownership

| Name of Beneficial Owner | Aggregate Number of Shares of Common Stock Beneficially Owned | |
|---------------------------------------------------------------------|------------------------------------------------------------------|--------------------|
| James J. O'Brien | 139,901 | (1)(2) |
| Lamar M. Chambers | 86,260 | (1)(2)(3)(4) |
| David L. Hausrath | 39,149 | (1)(2)(4) |
| Samuel J. Mitchell | 51,988 | (1)(2)(3) |
| Frank L. Waters* | 64,569 | (1)(2)(3)(7) |
| Roger W. Hale | 30,743 | (2)(5)(6)(7) |
| Bernadine P. Healy | 37,591 | (2)(5)(6) |
| Kathleen Ligocki | 21,945 | (2)(5)(6) |
| Vada O. Manager** | 2,808 | (2)(6) |
| Barry W. Perry | 4,769 | (2)(6) |
| Mark C. Rohr** | 2,808 | (2)(6) |
| George A. Schaefer, Jr. | 23,979 | (2)(5)(6) |
| Theodore M. Solso | 41,929 | (2)(5)(6) |
| John F. Turner | 4,769 | (2)(6) |
| Michael J. Ward | 37,204 | (2)(5)(6) |
| All directors and current executive officers as a group (23 people) | 634,644 | (1)(2)(4)(6)(7)(8) |

* Mr. Waters ceased to be an executive officer of Ashland effective November 13, 2008.

** Messrs. Manager and Rohr were elected to Ashland's Board effective March 19, 2008.

None of the listed individuals owned more than 1% of Ashland's Common Stock outstanding as of the Record Date. All directors and executive officers as a group owned 634,644 shares of Ashland Common Stock, which equaled 0.86% of the Ashland Common Stock outstanding on the Record Date. Shares of Ashland Common Stock outstanding on the Record Date include shares deemed to be outstanding for computing the percentage ownership of the applicable person, but are not deemed to be outstanding for computing the percentage ownership of any other person.

- (1) Includes shares of Ashland Common Stock held under the Employee Savings Plan and the LESOP by executive officers. Participants can vote the Employee Savings Plan and the LESOP shares, and can invest in numerous investment options available under the Employee Savings Plan.
- (2) Includes stock and/or restricted stock units (share equivalents) held by executive officers in the Ashland Common Stock Fund under Ashland's nonqualified deferred compensation plans for employees (the Employees Deferral Plan) or by directors under the nonqualified deferred compensation plans for non-employee directors (the Directors Deferral Plan).
- (3)

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Includes shares of Ashland Common Stock with respect to which each of the individuals has the right to acquire beneficial ownership within 60 calendar days after October 31, 2008, through the exercise of stock options or stock appreciation rights (SARs): as to Mr. Chambers, 49,875 shares through options; Mr. Mitchell, 19,375 shares through options; and Mr. Waters, 29,213 shares through options. All unexercised options on this table are reported as gross shares. All SARs are stock settled and not

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issued in tandem with an option. Because the closing price of Ashland Common Stock on the New York Stock Exchange Composite Tape on October 31, 2008 (\$22.59) was less than the exercise price of all outstanding SARs, no SARs are included in this table.

- (4) Includes restricted shares of Ashland Common Stock: as to Mr. Chambers, 9,000 shares; Mr. Hausrath, 8,000 shares; and as to all current executive officers as a group, 33,400 shares.
- (5) Includes shares of Ashland Common Stock with respect to which each of the directors has the right to acquire beneficial ownership within 60 calendar days after October 31, 2008, through the exercise of stock options: as to Dr. Healy, 20,036 shares; as to Messrs. Hale and Schaefer, 16,474 shares; and as to Messrs. Solso, Ward and Ms. Ligocki, 12,912 shares.
- (6) Includes 1,000 restricted shares of Ashland Common Stock for each of the non-employee directors.
- (7) Includes shares of Ashland Common Stock held under the DRP, which provides participants with voting power with respect to such shares.
- (8) All directors and current executive officers as a group have the right to acquire beneficial ownership of 192,855 shares of Ashland Common Stock within 60 calendar days after October 31, 2008, through the exercise of stock options and SARs. All unexercised options included in this table are reported as shares on a gross basis. All SARs are stock settled and not issued in tandem with an option. Because the closing price of Ashland Common Stock on the New York Stock Exchange Composite Tape on October 31, 2008 (\$22.59) was less than the exercise price of all outstanding SARs, no SARs are included in this table.

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ITEMS TO BE VOTED ON BY SHAREHOLDERS

ELECTION OF DIRECTORS

Item 1

Board of Directors

The Board of Directors is currently made up of eleven directors, divided into three classes. The four individuals nominated for election as Class II directors at the 2009 Annual Meeting are Roger W. Hale, Vada O. Manager, George A. Schaefer, Jr. and John F. Turner. The nominees to Class II will be elected to serve a three-year term until the 2012 Annual Meeting. Mark C. Rohr, elected to the Board in March 2008, is a Class III director. Although not required by Kentucky law, Mr. Rohr has agreed to stand for election by shareholders at the 2009 Annual Meeting to serve as a Class III director for the remaining one-year term ending at the 2010 Annual Meeting. The Governance and Nominating Committee (G&N Committee) has confirmed that all five nominees will be available to serve as directors upon election and recommends that shareholders vote for them at the Annual Meeting.

The Board of Directors' current resignation policy requires a director nominee to tender his or her resignation to the Chairman of the Board if he or she receives a greater number of votes WITHHELD than FOR in an uncontested election. Such resignation must be tendered within 10 days after the certification of the shareholder vote and will be considered by the entire Board within 90 days following the date of the election. In considering whether to accept or reject the tendered resignation, the Board will consider the stated reasons for withheld votes, the length of service and qualifications of the nominee, the nominee's contribution to Ashland and any other factors deemed relevant by the Board. The nominee in question will be excluded from participating in the Board's deliberations. Ashland will publicly disclose the Board's decision in a filing with the SEC made promptly after the decision. Ashland's Corporate Governance Guidelines are published on Ashland's website (<http://www.ashland.com>). Please see **Item 3** Approval of Amendment to Articles of Incorporation to Provide for Majority Voting for the Election of Directors in Uncontested Elections for a discussion of important changes to the vote required to elect directors and related changes to the resignation policy which, if approved by shareholders at the 2009 Annual Meeting, will be effective beginning with the election of directors at the 2010 Annual Meeting.

Shareholders may vote for no more than five directors at the Annual Meeting. Pursuant to Ashland's current By-laws, the five nominees receiving the greatest number of votes will be elected. If no voting specification is made on a properly returned or voted proxy card, James J. O'Brien or Linda L. Foss (proxies named on the proxy card) will vote FOR the five nominees named in this proxy statement. If any of the nominees should be unable or unwilling to stand for election at the time of the Annual Meeting, the proxies may vote for a replacement nominee recommended by the Board of Directors, or the Board may reduce the number of directors to be elected at the Annual Meeting. At this time, the Board knows of no reason why any of the nominees may not be able to serve as a director if elected.

The Board of Directors recommends a vote FOR Roger W. Hale, Vada O. Manager, George A. Schaefer, Jr. and John F. Turner for election as Class II directors and FOR Mark C. Rohr for election as a Class III director at the 2009 Annual Meeting.

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Nominees for Election at the 2009 Annual Meeting

Class II Directors

(Term expiring in 2012)

Roger W. Hale

Director since 2001

Mr. Hale, 65, is currently acting as an independent consultant. He served as Chairman of the Board and Chief Executive Officer of LG&E Energy Corporation, a diversified energy services company headquartered in Louisville, Kentucky, from August 1990 until retiring in April 2001. Prior to joining LG&E Energy, he was Executive Vice President of BellSouth Corporation, a communications services company in Atlanta, Georgia. From 1966 to 1986, Mr. Hale held several executive positions with AT&T Co., a communications services company, including Vice President, Southern Region from 1983 to 1986. Mr. Hale holds a Bachelor of Arts degree from the University of Maryland and a Masters of Science in Management from the Massachusetts Institute of Technology, Sloan School of Management. Mr. Hale serves as a Director of Hospira, Inc., where he is a member of the Compensation and Governance and Public Policy Committees. Mr. Hale is Chairman of Ashland's Audit Committee and is a member of the Finance Committee.

Vada O. Manager

Director since 2008

Mr. Manager, 47, is Director of Global Issues Management for Nike, Inc., a hybrid role of in-house business consultant and strategic communications advisor. Prior to this position, Mr. Manager held various management positions at Nike, including senior strategist, advisor to senior management and project manager, in multiple areas of the company, beginning in 1997. Before joining Nike, he performed a similar role for Levi Strauss & Co. and was also a Vice President of the Washington, D.C.-based public affairs firm, Powell Tate, a part of Weber Shandwick. Mr. Manager holds a Bachelor of Arts degree in political science from Arizona State University and performed graduate work at the London School of Economics. He was elected to Ashland's Board of Directors in March 2008 by all the then-current directors after being recommended by the members of the Board and nominated by the Governance and Nominating Committee. Mr. Manager serves as a member of Ashland's Finance and Personnel and Compensation Committees.

George A. Schaefer, Jr.

Director since 2003

Mr. Schaefer, 63, served as Chairman of the Board of Directors of Fifth Third Bancorp headquartered in Cincinnati, Ohio until June, 2008. Prior to this position, he held several executive positions with Fifth Third, including Chief Executive Officer, President and Chief Operating Officer. Mr. Schaefer holds a Bachelor of Science degree from the U.S. Military Academy at West Point and a Masters in Business Administration from Xavier University. He is also a Director of Wellpoint Inc., where he serves as a member of the Audit Committee, and member of the Board of Trustees of the University of Cincinnati Foundation and as Trustee for the University of Cincinnati Medical School Advisory Board. Mr. Schaefer is Chairman of Ashland's Governance and Nominating Committee and is a member of the Audit and Finance Committees.

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Nominees for Election at the 2009 Annual Meeting (continued)

John F. Turner

Director since 2006

Mr. Turner, 66, served as Assistant Secretary of State for the U.S. Department of State's Bureau of Oceans and International and Scientific Affairs in Washington, D.C., from November 2001 until July 2005. Prior to serving at the Department of State, he was President and Chief Executive Officer of The Conservation Fund, a non-profit organization dedicated to conserving America's natural and historic heritage. Between 1989 and 1993, Mr. Turner was Director of the U.S. Fish and Wildlife Service. Mr. Turner also served in the Wyoming state legislature for 19 years and is a past president of the Wyoming State Senate. Mr. Turner holds a Bachelor of Arts degree in Biology from the University of Notre Dame and a Master of Science degree in wildlife ecology from the University of Michigan. Mr. Turner is also a Director of Peabody Energy Company where he serves on the Compensation and Nominating and Corporate Governance Committees; International Paper Company where he chairs the Governance and Public Policy and Environment Committees; and, American Electric Power Company, Inc. where he is a member of the Audit, Corporate Governance and Environmental Health and Safety Committees. He is also a managing partner in The Triangle X Ranch in Wyoming. Mr. Turner is Chairman of the Ruckelshaus Institute of Environmental Natural Resources at the University of Wyoming and Senior Associate of The Conservation Fund. Mr. Turner is a member of Ashland's Environmental, Health and Safety, Governance and Nominating and Finance Committees.

Class III Director

(Term expiring in 2010)

Mark C. Rohr

Director since 2008

Mr. Rohr, 57, is Chairman of the Board and Chief Executive Officer of Albemarle Corp. Prior to this position, he held several executive positions with Albemarle, including Chief Operating Officer and Executive Vice President Operations. Before joining Albemarle, he served with Occidental Chemical Corp. as Senior Vice President Specialty Chemicals. Mr. Rohr holds Bachelor's degrees in Chemistry and Chemical Engineering from Mississippi State University. He is also a Director of Celanese Corp. where he is a member of the Compensation and Nominating and Corporate Governance Committees. He also serves on the Executive Committee of the American Chemistry Council and the Board of Directors of the Wildlife Habitat Council. He was elected to Ashland's Board of Directors in March 2008 by all the then-current directors after being recommended for election pursuant to a shareholder nomination process set forth in the 2005 settlement of a shareholder derivative lawsuit brought in 2002. Mr. Rohr is a member of Ashland's Audit and Environmental, Health and Safety Committees.

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Continuing Directors Not Up for Election at the 2009 Annual Meeting

Class III Directors

(Term expiring in 2010)

Theodore M. Solso

Director since 1999

Mr. Solso, 61, is Chairman of the Board and Chief Executive Officer of Cummins Inc. Prior to this position, he held several executive positions with Cummins, including President and Chief Operating Officer. Mr. Solso holds a Bachelor of Arts degree in psychology from DePauw University and a Masters in Business Administration from the Harvard Business School. He is also a Director of Ball Corporation where he is a member of the Audit and Human Resources Committees. Mr. Solso also serves as Chairman of the Cummins Foundation and Director of the Indiana Economic Development Corp. He also serves as an Advisory Trustee of DePauw University. Mr. Solso is Co-Chair of the U.S.-Brazil CEO Forum and a member of the Earth University Foundation Board. Mr. Solso is Lead Independent Director and Chairman of Ashland's Personnel and Compensation Committee and is a member of the Governance and Nominating Committee.

Michael J. Ward

Director since 2001

Mr. Ward, 58, is Chairman of the Board and Chief Executive Officer of CSX Corporation. Prior to this position, he was President of CSX Transportation, the corporation's rail unit. Mr. Ward holds a Bachelor's degree from the University of Maryland and a Masters in Business Administration from the Harvard Business School. In 2005, Mr. Ward served as Chairman of the Association of American Railroads' Board of Directors. He is also a Director of American Coalition for Clean Coal Electricity, City Year, and Take Stock in Children. His other business affiliations include The Florida Council of 100, The Business Roundtable, and The Kentucky Coal Council. Mr. Ward is Chairman of Ashland's Finance Committee and is a member of the Personnel and Compensation Committee.

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Continuing Directors Not Up for Election at the 2009 Annual Meeting (continued)

Class I Directors

(Term expiring in 2011)

Bernadine P. Healy, M.D.

Director since 1998

Dr. Healy, 64, is a columnist and health editor for U.S. News and World Report. Prior to this position, she served as President and Chief Executive Officer of the American Red Cross, and Dean, College of Medicine and Public Health, and Professor of Medicine, The Ohio State University. Dr. Healy holds a Bachelor of Arts degree from Vassar College and a Doctor of Medicine from Harvard University. Dr. Healy is also a Director of National City Corporation, where she serves on the Compensation and Organization and Nominating and Board of Directors Governance Committees; The Progressive Corporation, where she serves on the Audit Committee; and, Invacare, Inc. where she serves as Chairman of the Investment Committee and a member of the Compensation, Management Development and Corporate Governance Committees. She is also a Trustee of Battelle Memorial Institute where she serves on the Science and Technology Committee. Dr. Healy is a member of Ashland's Audit, Environmental, Health and Safety and Governance and Nominating Committees.

Kathleen Ligocki

Director since 2004

Ms. Ligocki, 52, is the Chief Executive Officer of GS Motors, a subsidiary of a large conglomerate based in Mexico City. She is also a principal in Pine Lake Partners, Inc., a consulting firm focused on turnarounds and startup companies. Prior to this position, she served as President and Chief Executive Officer of Tower Automotive, Inc. from August 2003 to August 2007. Tower Automotive filed to reorganize under Chapter 11 of the U.S. Bankruptcy Codes in February 2005, and on July 31, 2007 emerged from Chapter 11 when substantially all of its assets were purchased by an affiliate of Cerberus Capital Management, L.P. Prior to joining Tower Automotive, Ms. Ligocki worked at the Ford Motor Company, United Technologies and General Motors Corporation. Ms. Ligocki holds a Bachelor of Arts degree in liberal studies from Indiana University, a Masters in Business Administration from The Wharton School at the University of Pennsylvania and an honorary doctorate of Humane Letters from Indiana University. She serves on a variety of non-profit and academic boards focused on women, families and life-long education. Ms. Ligocki is Chairman of Ashland's Environmental, Health and Safety Committee and a member of the Audit and Personnel and Compensation Committees.

James J. O'Brien

Director since 2002

Mr. O'Brien, 54, is Ashland's Chairman of the Board and Chief Executive Officer. Prior to this position, Mr. O'Brien was President and Chief Operating Officer of Ashland and Senior Vice President and Group Operating Officer of Ashland. He also served as the President of Valvoline from 1995 to 2001. Mr. O'Brien holds a Bachelor of Science degree in accounting and finance and a Masters in Business Administration from The Ohio State University. Mr. O'Brien is a Director of Humana Inc., where he serves on the Investment and Audit Committees. He serves as a member of the Dean's Advisory Council for the Fisher Graduate College of Business at The Ohio State University. A past volunteer big brother with Big Brothers/Big Sisters of the Bluegrass, Mr. O'Brien also serves on the organization's national Board of Directors. He is a Board member of the American Chemistry Council and Chairman of the Board of Trustees for Midway College in Kentucky.

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Continuing Directors Not Up for Election at the 2009 Annual Meeting (continued)

Barry W. Perry

Director since 2007

Mr. Perry, 62, served as Chairman and Chief Executive Officer of Englehard Corporation from January 2001 to June 2006. Prior to this position, he held various management positions with Englehard Corporation beginning in 1993. From 1991 to 1993, Mr. Perry was a Group Vice President of Rhone-Poulenc. Prior to joining Rhone-Poulenc, he held a number of executive positions with General Electric Company. Mr. Perry holds a Bachelor of Science degree in plastics engineering from the University of Massachusetts. Mr. Perry is also a director of Arrow Electronics, Inc., where he serves on the Compensation and Audit Committees, and Cookson Group PLC, where he serves on the Audit and Compensation Committees. Mr. Perry is a member of Ashland's Environmental, Health and Safety, Governance and Nominating and Personnel and Compensation Committees.

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COMPENSATION OF DIRECTORS

Director Compensation Table

The following table is a summary of compensation information for the fiscal year ended September 30, 2008, for Ashland's non-employee directors as of September 30, 2008. Compensation paid to Mr. O'Brien, Chairman of the Board and Chief Executive Officer, is disclosed in the Summary Compensation Table to this proxy statement and is not included in this table.

| Name | Fees Earned or Paid in Cash (1) (\$) | Stock Awards (2) (\$) | Option Awards (\$) | Non-Equity Incentive Plan Compensation (\$) | Change |
|------|--------------------------------------------|-----------------------------|--------------------------|------------------------------------------------------|--------|
|------|--------------------------------------------|-----------------------------|--------------------------|------------------------------------------------------|--------|