

Ashland Inc. and Kentucky Gov. Beshear announce \$15 million investment in Calvert City production facility

The Associated Press

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Addition of three heat recovery steam generators will reduce emissions, improve operating efficiency and help retain 500 jobs

COVINGTON, Ky. - Ashland Inc. (NYSE: ASH) and Kentucky Gov. Steve Beshear today announced the company will invest approximately \$15 million to build three new heat recovery steam generators at its production facility in Calvert City. Construction of the high-efficiency generators is expected to begin in March 2013. When completed in 2014, the generators will reduce emissions, improve the plant's operating efficiency and help retain 500 full-time positions.

"The addition of these gas-fired boilers will dramatically improve the operating efficiency of our Calvert City facility and help us compete more effectively on a global scale," said James J. O'Brien, Ashland chairman and chief executive officer. "Calvert City will play an important role in Ashland's growth, particularly as we expand our presence in personal care products. We are grateful for the support of Gov. Beshear and his Cabinet in this important investment in our workforce and in Kentucky's future."

"This is a major investment in Calvert City and a tremendous step forward in the successful partnership between Ashland and the Commonwealth," said Kentucky Gov. Steve Beshear. "We're thrilled to see Ashland retain 500 jobs, invest \$15 million and improve its ability to compete as a leader in the global marketplace."

The Kentucky Economic Development Finance Authority (KEDFA) has approved Ashland for \$5.5 million in tax incentives through the Kentucky Reinvestment Act (KRA). The program is designed to assist companies that need to make significant capital investment in Kentucky facilities in order to remain competitive and to retain existing workforces. Without the approved tax incentives, it is unlikely that Ashland would have proceeded with the project as currently planned.

Under terms of the project, Ashland plans to install three new heat recovery steam generators. These generators would replace an aging and inefficient coal-fired boiler, as well as two existing gas-fired boilers that are nearing the end of their usefulness. The new generators could eventually be combined with turbine/generator sets that together would serve as a co-generation system for electricity. A co-generation system would support plant operations during any outages in the local power grid, such as when ice storms hit Kentucky in 2009.

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Ashland completed design and engineering work on the project in December, with construction and installation tentatively planned to begin in March 2013. The new boilers should be ready to begin operation in spring 2014, with start-up to follow shortly thereafter.

The Calvert City facility, which opened in 1955, was originally owned by General Aniline & Film, which became International Specialty Products (ISP) in the early '90s. Ashland assumed ownership of the Calvert City facility in August 2011 when it completed the acquisition of ISP for \$3.2 billion. Today the facility employs approximately 500 full-time workers.

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