

<div>Form 5500</div> <div>Department of the Treasury Internal Revenue Service</div> <div>Department of Labor Employee Benefits Security Administration</div> <div>Pension Benefit Guaranty Corporation</div>	<div>Annual Return/Report of Employee Benefit Plan</div> <div>This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code).</div> <div>▶ Complete all entries in accordance with the instructions to the Form 5500.</div>	<div>OMB Nos. 1210-0110 1210-0089</div> <div>2009</div> <div>This Form is Open to Public Inspection</div>
--	--	---

Part I	Annual Report Identification Information
For calendar plan year 2009 or fiscal plan year beginning 10/01/2009 and ending 09/30/2010	
A	This return/report is for: <div><div>☐ a multiemployer plan;</div><div>☒ a single-employer plan;</div><div>☐ a multiple-employer plan; or</div><div>☐ a DFE (specify) ____</div></div>
B	This return/report is: <div><div>☐ the first return/report;</div><div>☒ an amended return/report;</div><div>☐ the final return/report;</div><div>☐ a short plan year return/report (less than 12 months).</div></div>
C	If the plan is a collectively-bargained plan, check here. ▶ ☐
D	Check box if filing under: <div><div>☒ Form 5558;</div><div>☐ automatic extension;</div><div>☐ the DFVC program;</div><div>☐ special extension (enter description)</div></div>

Part II	Basic Plan Information—enter all requested information
1a	Name of plan PENSION PLAN FOR HOURLY EMPLOYEES OF ASHLAND CHEMICAL
1b	Three-digit plan number (PN) ▶ 007
1c	Effective date of plan 10/01/1955
2a	Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) ASHLAND INC P O BOX 14000 3499 BLAZER PARKWAY LEXINGTON, KY 40512
2b	Employer Identification Number (EIN) 20-0865835
2c	Sponsor's telephone number 859-357-7777
2d	Business code (see instructions) 325100

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	07/18/2011	RONALD GRIFFITH
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") ASHLAND INC P O BOX 14000 3499 BLAZER PARKWAY LEXINGTON, KY 40512	3b Administrator's EIN 20-0865835 3c Administrator's telephone number 859-357-7777
---	---

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN	
5 Total number of participants at the beginning of the plan year	5	488
6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	111
b Retired or separated participants receiving benefits.....	6b	168
c Other retired or separated participants entitled to future benefits.....	6c	163
d Subtotal. Add lines 6a , 6b , and 6c	6d	442
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	45
f Total. Add lines 6d and 6e	6f	487
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
 1D 1G 3D 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
---	---

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1) ☒ **R** (Retirement Plan Information)
 (2) ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
 (3) ☒ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1) ☒ **H** (Financial Information)
 (2) ☐ **I** (Financial Information – Small Plan)
 (3) ☐ **A** (Insurance Information)
 (4) ☒ **C** (Service Provider Information)
 (5) ☒ **D** (DFE/Participating Plan Information)
 (6) ☐ **G** (Financial Transaction Schedules)

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2009 This Form is Open to Public Inspection
--	--	---

For calendar plan year 2009 or fiscal plan year beginning 10/01/2009 and ending 09/30/2010

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>PENSION PLAN FOR HOURLY EMPLOYEES OF ASHLAND CHEMICAL</u>	B Three-digit plan number (PN) ▶ <u>007</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>ASHLAND INC</u>	D Employer Identification Number (EIN) <u>20-0865835</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information
1	Enter the valuation date: Month <u>10</u> Day <u>01</u> Year <u>2009</u>
2	Assets:
a	Market value 2a <u>14204242</u>
b	Actuarial value 2b <u>15624666</u>
3	Funding target/participant count breakdown
	(1) Number of participants (2) Funding Target
a	For retired participants and beneficiaries receiving payment 3a <u>207</u> <u>7836013</u>
b	For terminated vested participants 3b <u>111</u> <u>1738966</u>
c	For active participants:
(1)	Non-vested benefits 3c(1) <u>855276</u>
(2)	Vested benefits 3c(2) <u>8969979</u>
(3)	Total active 3c(3) <u>170</u> <u>9825255</u>
d	Total 3d <u>488</u> <u>19400234</u>
4	If the plan is at-risk, check the box and complete items (a) and (b) ☒
a	Funding target disregarding prescribed at-risk assumptions 4a <u>19053065</u>
b	Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor 4b <u>20788912</u>
5	Effective interest rate 5 <u>6.85</u> %
6	Target normal cost 6 <u>437083</u>

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	
Signature of actuary	Date
<u>GARY DICKSON</u>	<u>11-03764</u>
Type or print name of actuary	Most recent enrollment number
<u>MERCER</u>	<u>513-632-2600</u>
Firm name	Telephone number (including area code)
<u>525 VINE STREET</u> <u>SUITE 1600</u> <u>CINCINNATI, OH 45202-3124</u>	
Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2009
v.092308.1

Part II Beginning of year carryover and prefunding balances		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	4152203	0
8	Portion used to offset prior year's funding requirement (Item 35 from prior year)	1514203	0
9	Amount remaining (Item 7 minus item 8).....	2638000	0
10	Interest on item 9 using prior year's actual return of <u>1.98</u> %	52232	
11	Prior year's excess contributions to be added to prefunding balance:		
a	Excess contributions (Item 38 from prior year)		0
b	Interest on (a) using prior year's effective rate of <u>6.29</u> %		0
c	Total available at beginning of current plan year to add to prefunding balance		0
d	Portion of (c) to be added to prefunding balance.....		0
12	Reduction in balances due to elections or deemed elections.....	1706025	0
13	Balance at beginning of current year (item 9 + item 10 + item 11d – item 12).....	984207	0

Part III Funding percentages			
14	Funding target attainment percentage.....	14	76.84 %
15	Adjusted funding target attainment percentage.....	15	75.00 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	80.87 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.....	17	%

Part IV Contributions and liquidity shortfalls					
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
10/15/2010	73821				
12/30/2010	2450000				
			Totals ►	18(b)	2523821
				18(c)	

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:		
a	Contributions allocated toward unpaid minimum required contribution from prior years.....	19a 0
b	Contributions made to avoid restrictions adjusted to valuation date	19b 0
c	Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c 2324692
20 Quarterly contributions and liquidity shortfalls:		
a	Did the plan have a "funding shortfall" for the prior year?	☒ Yes ☐ No
b	If 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☒ Yes ☐ No
c If 20a is "Yes," see instructions and complete the following table as applicable:		
Liquidity shortfall as of end of Quarter of this plan year		
(1) 1st	(2) 2nd	(3) 3rd
0	0	0
		(4) 4th
		0

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: %	2nd segment: %	3rd segment: %	☒ N/A, full yield curve used
b Applicable month (enter code)				21b
22 Weighted average retirement age				22 61
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a)	29	0
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions)	31	437083
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	3595761	717820
b Waiver amortization installment	0	0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	0
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b – item 33)	34	1154903
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement	984207	0
36 Additional cash requirement (item 34 minus item 35)	36	170696
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c)	37	2324692
38 Interest-adjusted excess contributions for current year (see instructions)	38	2153996
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37)	39	0
40 Unpaid minimum required contribution for all years	40	0

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2009
		This Form is Open to Public Inspection.

For calendar plan year 2009 or fiscal plan year beginning 10/01/2009 and ending 09/30/2010		
A Name of plan PENSION PLAN FOR HOURLY EMPLOYEES OF ASHLAND CHEMICAL	B Three-digit plan number (PN) ►	007
C Plan sponsor's name as shown on line 2a of Form 5500 ASHLAND INC	D Employer Identification Number (EIN) 20-0865835	

Part I	Service Provider Information (see instructions)
---------------	--

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

- a** Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No
- b** If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation	
MASON CAPITAL MANAGEMENT	110 EAST 59TH STREET 30TH FLOOR NEW YORK, NY 10022

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation	
DAVIDSON KEMPNER CAPITAL MANAGEMENT	
13-4021240	

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation	
DAVIDSON KEMPNER ADVISERS, INC.	
13-3594751	

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation	
OMEGA ADVISORS, INC.	
13-3628307	

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

DEUTSCHE ASSET MANAGEMENT UK LIM

ONE APPOLD STREET
LONDON EC2A 2UU UK

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

BRIDGEWATER ASSOCIATES, LP

ONE GLENDINNING PLACE
WESTPORT, CT 06880

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

WOODBINE CAPITAL ADVISORS LP

499 PARK AEVNUE
NEW YORK, NY 10022

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

WOODBINE CAPITAL LLC

499 PARK AVENUE
NEW YORK, NY 10022

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

REGIMENT CAPITAL MANAGEMENT, LLC

04-3411614

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

OCH-ZIFF CAPITAL MANAGEMENT GROUP

9 WEST 57TH STREET
39TH FLOOR
NEW YORK, NY 10019

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

BASSO CAPITAL MANAGEMENT, L.P.

20-0406508

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

STEADFAST FINANCIAL

03-0481537

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

ETON PARK CAPITAL MANAGEMENT, L.P.

11-3719116

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

ETON PARK ASSOCIATES, L.P.

04-3796209

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

UBS O'CONNOR LLC

06-1569842

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

HIGHBRIDGE CAPITAL MANAGEMENT, LLC

20-1901985

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

AURELIUS CAPITAL MANAGEMENT, LP

535 MADISON AVENUE
22ND FLOOR
NEW YORK, NY 10022

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

FIR TREE INC.

13-3745261

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

FIR TREE, L.L.C.

20-2556936

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

GRAMERCY LLC

20 DAYTON AVENUE
GREENWICH, CT 06830

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

BLUECREST CAPITAL MANAGEMENT LLP

98-0607511

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

HEALTHCOR MANAGEMENT, L.P.

CARNEGIE HALL TOWER
152 WEST 57TH STREET
NEW YORK, NY 10019

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

MARSHALL WACE NORTH AMERICA, LP

47-0943020

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

BREXAN HOWARD CAPITAL MANAGEMENT LP

4TH FLOOR ONE ESPLANADE
ST HELIER JERSEY, CHANNEL ISLANDS JE2 WQA UC

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

COLUMBIA MANAGEMENT INVEST

41-1533211

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

PARTNER FUND MANAGEMENT, L.P.

ONE MARKET STREET
SUITE 2200, STEUART TOWER
SAN FRANCISCO, CA 94105

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

OWL CREEK ASSET MANAGEMENT, L.P.

13-4177045

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

LUXOR CAPITAL GROUP, LP

20-1394199

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

SAMLYN CAPITAL, LLC

20-5854094

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

BROOKSIDE CAPITAL, LLC

111 HUNTINGTON AVENUE
BOSTON, MA 02199

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

BNY MELLON

25-6078093

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

TACONIC CAPITAL ADVISORS, LP

20-5826144

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

INDUS CAPITAL PARTNERS, LLC

152 W 57TH STREET
28TH FLOOR
NEW YORK, NY 10019

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

IVORY INVESTMENTS MANAGEMENT, L.P.

51-0446153

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

PA LLC

20-1961352

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

SILVER CREEK LOW VOL STRATEGIES

98-0476270

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

PACIFIC INVESTMENT MANAGEMENT

33-0629048

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
28	INVESTMENT MANAGEMENT	5978	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

WESTERN ASSET MANAGEMENT

95-2705767

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
28	INVESTMENT MANAGEMENT	5251	Yes ☐ No ☒	Yes ☐ No ☒	0	Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)

(complete as many entries as needed)

a Name:	MORISON COGEN	b EIN:	23-1406493
c Position:	AUDIT		
d Address:	150 MONUMENT ROAD SUITE 500 BALA CYNWYD, PA 19004	e Telephone:	267-440-3000
Explanation: TWO PLANS WERE MERGED AND THEY WERE EACH AUDITED BY DIFFERENT FIRMS. THE DECISION WAS MADE TO RETAIN BLUE & CO.			

a Name:	TOWERS WATSON	b EIN:	23-1159360
c Position:	ACTUARY		
d Address:	1205 WESTLAKES DRIVE SUITE 270 BERWYN, PA 19312	e Telephone:	610-232-0400
Explanation: TWO PLANS WERE MERGED AND THEY HAD TWO DIFFERENT ACTUARIES. THE DECISION WAS MADE TO RETAIN MERCER			

a Name:	STEPHEN A GAGEL	b EIN:	13-2834414
c Position:	ENROLLED ACTUARY		
d Address:	462 SOUTH FOURTH STREET SUITE 1500 LOUISVILLE, KY 40202	e Telephone:	502-561-4500
Explanation: CHANGE IN INTERNAL RESPONSIBILITY.			

a Name:		b EIN:	
c Position:			
d Address:		e Telephone:	
Explanation:			

a Name:		b EIN:	
c Position:			
d Address:		e Telephone:	
Explanation:			

SCHEDULE D (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration	DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2009
		This Form is Open to Public Inspection.

For calendar plan year 2009 or fiscal plan year beginning 10/01/2009 and ending 09/30/2010		
A Name of plan PENSION PLAN FOR HOURLY EMPLOYEES OF ASHLAND CHEMICAL	B Three-digit plan number (PN) ►	007
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 ASHLAND INC	D Employer Identification Number (EIN) 20-0865835	

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)		
a Name of MTIA, CCT, PSA, or 103-12 IE: ASHLAND INC MASTER PENSION TRUST			
b Name of sponsor of entity listed in (a): ASHLAND INC			
c EIN-PN 20-0865835-103	d Entity code M	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 14783903	
a Name of MTIA, CCT, PSA, or 103-12 IE:			
b Name of sponsor of entity listed in (a):			
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:			
b Name of sponsor of entity listed in (a):			
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:			
b Name of sponsor of entity listed in (a):			
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:			
b Name of sponsor of entity listed in (a):			
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:			
b Name of sponsor of entity listed in (a):			
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:			
b Name of sponsor of entity listed in (a):			
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2009
		This Form is Open to Public Inspection

For calendar plan year 2009 or fiscal plan year beginning 10/01/2009 and ending 09/30/2010		
A Name of plan PENSION PLAN FOR HOURLY EMPLOYEES OF ASHLAND CHEMICAL	B Three-digit plan number (PN) ►	007
C Plan sponsor's name as shown on line 2a of Form 5500 ASHLAND INC	D Employer Identification Number (EIN) 20-0865835	

Part I	Asset and Liability Statement
---------------	--------------------------------------

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)		170696
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities.....	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts.....	1c(9)		
(10) Value of interest in pooled separate accounts.....	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)	14204242	14783903
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	14204242	14954599

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k		

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	14204242	14954599
---	-----------	----------	----------

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income**a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	170696	
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		170696

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		

(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		

(3) Rents	2b(3)		
-----------------	--------------	--	--

(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		1467272
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		1637968

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	817293	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		817293
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)	13068	
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	57250	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		70318
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		887611

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		750357
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: BLUE & CO., LLC

(2) EIN: 35-1178661

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		15000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....		X	
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If yes, enter the amount of any plan assets that reverted to the employer this year ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2009 This Form is Open to Public Inspection.
---	--	--

For calendar plan year 2009 or fiscal plan year beginning 10/01/2009 and ending 09/30/2010

A Name of plan <u>PENSION PLAN FOR HOURLY EMPLOYEES OF ASHLAND CHEMICAL</u>	B Three-digit plan number (PN) ▶ <u>007</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>ASHLAND INC</u>	D Employer Identification Number (EIN) <u>20-0865835</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): _____ Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.	
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☒ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☒ No	☐ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
--	-----------------------------------	-----------------------------------	-------------------------------	-----------------------------

Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Schedule R (Form 5500) 2009
v.092308.1

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

a Enter the percentage of plan assets held as:
 Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate item 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____



Blue & Co., LLC / 301 East Main Street, Suite 1100 / Lexington, KY 40507
main 859.253.1100 fax 859.253.1384 email blue@blueandco.com

INDEPENDENT AUDITOR'S REPORT

Plan Administrator
Pension Plan for Hourly Employees of Ashland Chemical Company

We were engaged to audit the accompanying financial statements of the Pension Plan for Hourly Employees of Ashland Chemical Company (the Plan) as of September 30, 2010 and 2009, and for the years then ended, as listed in the accompanying table of contents. These financial statements are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the investment information summarized in Note 3, which was certified by the trustee of the Plan, Mellon Trust of New England, N.A., except for comparing the information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the years ended September 30, 2010 and 2009, that the information provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements taken as a whole. The form and content of the information included in the financial statements, other than that derived from the investment information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Blue & Co., LLC

July 14, 2011

Schedule SB, Line 25 — Change in Method

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods

Actuarial assumptions

Discount rate sponsor elections

- | | |
|-------------------------------------|------------------|
| ▪ Segment rates or full yield curve | Full Yield Curve |
| ▪ Look-back months | 4 |

Mortality sponsor elections

- | | |
|-------------------------------------|---|
| ▪ Healthy and disabled participants | 2009 PPA separate static annuitant and non-annuitant mortality tables |
|-------------------------------------|---|

Other economic assumptions

- | | |
|------------------------------|--|
| ▪ Expected investment return | 8.25% per year for years 2008 through 2010 |
| ▪ Expenses | \$64,537 added to current year normal cost |

Demographic assumptions

Withdrawal	Age based turnover rates reflecting experience. Sample rates as follows:
------------	---

<u>Age</u>	<u>Withdrawal Rate</u>
25	5.29%
30	5.07%
35	4.70%
40	3.50%
45	1.77%
50	0.40%
55	0.00%

Disability incidence	None
----------------------	------

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods

Retirement age

Based on rates as follows:

Attained age	Retirement Rate		
	Calumet City, Drew, Kearney and Los Angeles	Cleveland East and West	Savannah, Bartow and Colton
55	10%	5%	3%
56	10%	6%	3%
57	10%	7%	3%
58	10%	8%	3%
59	10%	9%	3%
60	10%	10%	3%
61	10%	10%	3%
62	50%	50%	30%
63	30%	30%	20%
64	30%	30%	20%
65 and above	100%	100%	100%

Benefit commencement age for

- Future vested deferred 65
- Current vested deferred 65

Form of payment	<u>Single life</u>	<u>J&S 75%</u>
▪ Active retirements	50%	50%
▪ Future vested deferred	50%	50%
▪ Future deaths	100%	0%
▪ Current vested deferred	100%	0%

Unpredictable contingent event assumptions N/A

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods

Actuarial methods

Asset methods

We used financial data submitted by the trustee as of October 1, 2009 without further audit. Customarily, this information would not be verified by a plan's actuary. We have reviewed the information for internal consistency and we have no reason to doubt its substantial accuracy.

The asset valuation method is an average of the adjusted market value for each year during the last 24 months preceding the valuation date. The adjusted market value is the market value at each determination date adjusted to the valuation date based on actual cash flows and expected interest at the lesser of the expected rate of return and the third segment rate. This amount is adjusted to be no greater than 110 percent and no less than 90 percent of the fair market value, as defined in IRC Section 430.

A characteristic of this asset method is that, over time, it is slightly more likely to produce an actuarial value of assets that is less than the market value of assets than an actuarial value that is greater than the market value.

Participant methods – effective October 1, 2008

Participants or former participants are included or excluded from the valuation as described below:

- **Participants included:** The plan sponsor provides us with data on all employees as of the valuation date, but only those employees who have completed the plan's eligibility requirements are included in the valuation of liabilities.
- **Participants excluded:** No actuarial liability is included for nonvested participants who terminated prior to the valuation date. For this purpose, participants with a break in service on the valuation date are treated as terminated participants.
- **Insurance contracts:** The plan does not have any insurance contracts.
- **Disabled participants:** The liabilities for participants on long-term disability have been included with the liabilities for terminated vested participants.
- **Transferred participants:** The liabilities for employees who have transferred into another plan of the plan sponsor have been included with the liabilities for terminated vested participants.

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods**Minimum funding methods**

The funding target for minimum funding calculations is computed using the traditional unit credit method of funding. The objective under this method is to fund each participant's benefits under the plan as they accrue. Thus, the total pension to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited service.

A detailed description of the calculation follows:

- The plan's valuation date is the beginning of the plan year.
- An individual's **funding target** is the present value of future benefits based on credited service and average pay as of the beginning of the plan year, and an individual's **target normal cost** is the present value of the benefit expected to accrue in the plan year. If multiple decrements are used, the funding target and the target normal cost for an individual is the sum of the component funding targets and target normal costs associated with the various anticipated separation dates.
- The plan's **target normal cost** is the sum of the individual target normal costs and the plan's **funding target** is the sum of the individual funding targets for all participants under the plan.

Schedule SB, Line 32 — Schedule of Amortization Bases

The shortfall amortization charge is the sum of the shortfall base amortization for each plan year covered under PPA. Although a shortfall base can be negative, the combined shortfall amortization charge cannot be negative.

Charge	Amortization period		Balances			Beginning of year payment
	Date	Years				
	created	left	Initial	Outstanding		
Shortfall Loss	10/01/2008	6	\$ 6,391,473	\$ 5,723,528	\$ 1,069,021	
Total				\$ 5,723,528	\$ 1,069,021	

Credit	Amortization period		Balances		Beginning of year payment
	Date	Years	Initial	Outstanding	
	created	left			
Shortfall Gain	10/01/2009	7	\$ (2,127,767)	\$ (2,127,767)	\$ (351,201)
Total				\$ (2,127,767)	\$ (351,201)

Schedule SB, Line 24 — Change in Actuarial Assumptions

- The form of payment assumption for active retirements and future vested deferred benefits changed from 100% electing a single life annuity to 50% electing a single life annuity and 50% electing a joint and 75% survivor annuity.

Schedule SB, Line 19 — Discounted Employer Contributions

Date	Amount contributed	Plan year	Applicable effective interest rate	Discounted value of January 1, 2010
10/15/2010	\$ 73,821	2009	11.85%*	\$ 65,596
12/30/2010	2,450,000	2009	11.85%**	2,233,120
Total	\$ 2,523,821			\$ 2,299,716

* In determining the discounted value, 11.58% (EIR plus 5%) was applied for the 273 days that the contribution was late, while 6.58% was applied from the quarterly contribution due date back to the valuation date.

** In determining the discounted value, 11.58% (EIR plus 5%) was applied for the 259 days that the second quarterly contribution was late, while 6.58% was applied from the remaining quarterly contributions' due date back to the valuation date.

Schedule SB, Line 25 — Change in Method

- Beginning with the October 1, 2009 valuation, expected expenses are added to the normal cost. This change qualifies for automatic IRS approval.
- The interest rate methodology was changed from segment rates without phase-in to full yield curve with four month look back.

Schedule SB, Line 21b – Explanation of Discount Rate Applicable Month Discrepancy

The full yield curve with an applicable lookback month of June 2009 was used to value funding liabilities as of October 1, 2009.

The applicable month has not been entered here due to restrictions within the EFAST2 system which did not allow for an entry in line 21b if the “N/A, full yield curve used” option was selected in line 21a. Since the applicable month was the 4th month preceding the month including the valuation date (June 2009), “4” would have been entered in line 21b had the system allowed an entry.

Line 21b was completed on the pdf attachment of the Schedule SB.

Schedule SB, Line 4 — Additional Information for Plans in At-Risk Status

- **Special retirement assumption** – Active and deferred inactive participants who are eligible for immediate retirement and withdrawal benefits in the first 11 plan years are assumed to 100% retire in the first year of eligibility following the valuation year.
- **Most valuable form of payment** – Participants who have not yet commenced benefits are assumed to elect a single life annuity.
- **Loading factor** – The liability was not increased by 4% plus \$700 times the number of plan participants, nor was the normal cost increased by 4%, as the plan was not at risk in two of the prior four plan years.

Schedule SB, Part V — Summary of Plan Provisions

Plan provisions

Benefits included or excluded

Unless noted below, all benefits provided by the plan, as restated and amended through Amendment #14, are included in this valuation.

- Most recent plan amendments included: Amendment #14 is included because it was adopted by the valuation date and is effective by the end of the plan year.
- **Plan amendments excluded:** None
- **IRC Section 436 benefit restrictions:**
 - *Unpredictable contingent event benefits:* This valuation excludes restricted contingent event benefits that occurred before the valuation date but includes contingent event benefits which are expected to occur on or after the valuation date regardless of anticipated funding-based limitations.
 - *Plan amendments:* See above.
 - *Prohibited payments:* Limitations on prohibited benefits (if any) are reflected for annuity starting dates before the valuation date but are ignored for annuity starting dates on or after the valuation date.
 - *Benefit accruals:* The plan's funding target does not reflect any limitation on benefit accruals. The target normal cost does not reflect any limitation on benefit accruals.
- **Scheduled benefit increases:** Scheduled benefit increases effective after the end of the current plan year are excluded from minimum funding requirements.
- **Late retirement increases:**
 - *Active participants:* The plan provides benefit suspension notices to participants who work beyond normal retirement; therefore, late retirement actuarial increases only apply to participants who defer retirement beyond age 70½. This valuation assumes that actuarial increases for current participants over age 70 are immaterial and are not valued.
 - *Deferred vested participants:* Current deferred vested participants over normal retirement age are valued including the late retirement actuarial increase.
- **Unpredictable contingent event benefits:** The plan does not have any unpredictable contingent event benefits.
- **Shutdown benefits:** We are not aware of any corporate actions that would create shutdown benefits; therefore, they are excluded.
- **IRC Section 415(b) benefit limitations:** The limitations of Internal Revenue Code Section 415(b) have been incorporated into our calculations.
- **IRC Section 416 rules for top-heavy plans:** We did not test whether this plan is top-heavy (when the present value of benefits for key employees equals or exceeds 60 percent of the present value for all participants). However, we expect that the plan

Schedule SB, Part V — Summary of Plan Provisions

is not top-heavy due to the large number of rank-and-file participants; therefore, the funding target and target normal cost do not reflect any liability for top-heavy accruals.

Summary of major plan provisions

Effective date and plan year	Original plan: October 1, 1955 Restated plan: October 1, 1997 Plan year: October 1 to September 30
Most recent amendment	July 1, 2008 (Amendment No. 12)
Definitions	
▪ Participation	First of the month following employment (not prior to July 29, 1979 for Ashtabula).
▪ Employee contributions	None
▪ Employer contributions	Entire cost of the Plan

Schedule SB, Part V — Summary of Plan Provisions

Normal retirement

▪ Eligibility	Age 65
---------------	--------

▪ Benefit	<u>Cleveland-West:</u> \$38.00 per month effective 3/1/2004 \$39.00 per month effective 3/1/2005 \$40.00 per month effective 3/1/2006 \$42.00 per month effective 3/1/2007 \$43.00 per month effective 3/1/2008 \$44.00 per month effective 3/1/2009 <u>Los Angeles:</u> \$42.00 per month effective 10/1/2004 \$44.00 per month effective 10/1/2005 \$45.00 per month effective 10/1/2006 \$47.00 per month effective 10/1/2007 \$49.00 per month effective 10/1/2008 \$51.00 per month effective 10/1/2009 <u>Cleveland-East:</u> \$38.00 per month effective 5/4/2003 \$41.00 per month effective 5/2/2004 \$45.00 per month effective 5/1/2005 <u>Calumet City:</u> \$42.00 per month effective 7/1/2004 \$43.00 per month effective 7/1/2005 \$44.00 per month effective 7/1/2006 \$45.00 per month effective 7/1/2007 \$46.00 per month effective 7/1/2008 \$47.00 per month effective 7/1/2009 \$48.00 per month effective 7/1/2010
-----------	---

Schedule SB, Part V — Summary of Plan Provisions

▪ Benefit
Savannah, Georgia:

\$11.00 per month effective 10/1/1985

Neal, West Virginia:

\$36.00 per month effective 10/1/2002

\$38.00 per month effective 10/1/2003

\$40.00 per month effective 10/1/2004

\$43.00 per month effective 10/1/2005

Ashtabula, Ohio:

\$24.00 per month effective 2/1/2000

Drew Kearny:

\$36.00 per month effective 12/15/2004

\$37.00 per month effective 12/15/2006

\$38.00 per month effective 12/15/2007

\$41.00 per month effective 12/15/2008

Bartow:

\$33.00 per month effective 7/1/2004

\$35.00 per month effective 7/1/2005

\$37.00 per month effective 7/1/2006

\$40.00 per month effective 7/1/2007

\$42.00 per month effective 7/1/2008

\$43.00 per month effective 7/1/2009

Colton:

\$22.00 per month effective 7/1/1995

Early retirement

▪ Eligibility

Age 55 for all divisions except:

Ashtabula: Age 60 and 10 or more years of Credited Service.

Schedule SB, Part V — Summary of Plan Provisions

 ■ Benefit
Savannah, Bartow, and Colton:

Accrued Retirement Benefit reduced 5% for each year retirement precedes age 65.

Ashtabula:

Accrued Retirement Benefit reduced by 1/2% for each month by which commencement of benefit precedes age 62.

Neal, Los Angeles, Calumet City and Drew Kearny:

Accrued Retirement Benefit reduced in accordance with the following table:

<u>Age</u>	<u>Early Retirement Factor</u>
55	75%
56	80
57	84
58	88
59	91
60	94
61	97
62-64	100

Cleveland West and Cleveland East:

Accrued Retirement Benefit reduced in accordance with the following table:

<u>Age</u>	<u>Early Retirement Factor</u>
55	50%
56	55
57	60
58	65
59	70
60	75
61	80
62-64	100

Schedule SB, Part V — Summary of Plan Provisions

Late retirement	
▪ Eligibility	Age past normal retirement eligibility.
▪ Benefit	Benefit as of Normal Retirement Date based upon service accrued and benefit level as of actual date of retirement.
Deferred vested	
▪ Eligibility	5 years of vesting service.
▪ Benefit	Accrued benefit at termination date payable on or after normal retirement date or an actuarially reduced benefit if participant elects to commence early.
Disability	
▪ Eligibility	Subject to the provisions of the applicable Appendix, total and permanent disability after 15 years of Service (5 years of service for Ashtabula).
▪ Benefit	Benefit payable based on disability benefit multiplier as in effect for applicable location.
Pre-retirement death	
▪ Eligibility	5 years vesting service.
▪ Benefit prior to early retirement	His spouse will receive a survivor annuity equal to 50% of the pension the Member would have received had he retired under the qualified Joint and Survivor option on his date of death. The benefit shall be actuarially reduced to reflect this coverage. There is no reduction for Ashtabula.
▪ Benefit after early but before normal retirement	In accordance with annuity form elected by Member.
▪ Benefit after normal retirement	In accordance with annuity form elected by Member.
Form of benefits	
▪ Automatic form for unmarried participants	Life annuity.
▪ Automatic form for married participants	Joint and 50% Survivor annuity in amount actuarially equivalent to single life annuity.
Miscellaneous	
▪ Maximum benefits	Annual benefits may not exceed the limits in IRC Section 415. This limit is indexed annually. For 2009, the limit is \$195,000.
▪ Benefits not included in valuation	None.

Schedule SB, Part V — Summary of Plan Provisions

Changes since prior valuation	None
Significant events since prior valuation	None

Schedule SB, Line 22 — Description of Weighted Average Retirement Age

Each employee is assumed to retire in accordance with the table of retirement rates. The proportion of employees expected to retire at each potential retirement age is shown below. The average retirement age is 61.

Retirement Rates for Calumet City, Drew Kearney, Los Angeles				
(1)	(2)	(3)	(4)	(5)
Age	Number of Lives	Probability of Retirement	Expected Number of Retirees	= (1) x (3)
55	1,000,000	10%	100,000	5,500,000
56	900,000	10%	90,000	5,040,000
57	810,000	10%	81,000	4,617,000
58	729,000	10%	72,900	4,228,200
59	656,100	10%	65,610	3,870,990
60	590,490	10%	59,049	3,542,940
61	531,441	10%	53,144	3,241,784
62	478,297	50%	239,149	14,827,238
63	239,148	30%	71,744	4,519,872
64	167,404	30%	50,221	3,214,144
65	117,183	100%	117,183	7,616,895
			1,000,000	60,219,063
Wtd. Avg. Retirement Age = sum of column (5) ÷ sum of column (4) =				60.22

Retirement Rates for Cleveland East and West				
(1)	(2)	(3)	(4)	(5)
Age	Number of Lives	Probability of Retirement	Expected Number of Retirees	= (1) x (3)
55	1,000,000	5%	50,000	2,750,000
56	950,000	6%	57,000	3,192,000
57	893,000	7%	62,510	3,563,070
58	830,490	8%	66,439	3,853,462
59	764,051	9%	68,765	4,057,135
60	695,286	10%	69,529	4,171,740
61	625,757	10%	62,576	3,817,136
62	563,181	50%	281,591	17,458,642
63	281,590	30%	84,477	5,322,051
64	197,113	30%	59,134	3,784,576
65	137,979	100%	137,979	8,968,635
			1,000,000	60,938,447
Wtd. Avg. Retirement Age = sum of column (5) ÷ sum of column (4) =				60.94

Schedule SB, Line 22 — Description of Weighted Average Retirement Age

Retirement Rates for Savannah, Bartow, Colton				
(1)	(2)	(3)	(4)	(5)
Age	Number of Lives	Probability of Retirement	Expected Number of Retirees	= (1) x (3)
55	1,000,000	3%	30,000	1,650,000
56	970,000	3%	29,100	1,629,600
57	940,900	3%	28,227	1,608,939
58	912,673	3%	27,380	1,588,040
59	885,293	3%	26,559	1,566,981
60	858,734	3%	25,762	1,545,720
61	832,972	3%	24,989	1,524,329
62	807,983	30%	242,395	15,028,490
63	565,588	20%	113,118	7,126,434
64	452,470	20%	90,494	5,791,616
65	361,976	100%	361,976	23,528,440
			1,000,000	62,588,589
Wtd. Avg. Retirement Age = sum of column (5) ÷ sum of column (4) =				62.59

Overall Weighted Average Retirement Age for Entire Plan = 61

**SCHEDULE SB
(Form 5500)**Department of the Treasury
Internal Revenue ServiceDepartment of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

**Single-Employer Defined Benefit Plan
Actuarial Information**

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500 or 5500-SF.**

OMB No. 1210-0110

2009**This Form is Open to Public
Inspection**For calendar plan year 2009 or fiscal plan year beginning 10/01/2009 and ending 09/30/2010▶ **Round off amounts to nearest dollar.**▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan Pension Plan for Hourly Employees of Ashland Chemical Company		B Three-digit plan number (PN) ▶ 007
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF Ashland Inc.		D Employer Identification Number (EIN) 20-0865835
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B ☐ Other		
F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500		

Part I Basic Information

1 Enter the valuation date: Month <u>10</u> Day <u>1</u> Year <u>2009</u>				
2 Assets:				
a Market value.....		2a	14,204,242	
b Actuarial value.....		2b	15,624,666	
3 Funding target/participant count breakdown		(1) Number of participants (2) Funding Target		
a For retired participants and beneficiaries receiving payment.....		3a	207	7,836,013
b For terminated vested participants.....		3b	111	1,738,966
c For active participants:				
(1) Non-vested benefits.....		3c(1)		855,276
(2) Vested benefits.....		3c(2)		8,969,979
(3) Total active.....		3c(3)	170	9,825,255
d Total.....		3d	488	19,400,234
4 If the plan is at-risk, check the box and complete items (a) and (b) ☒				
a Funding target disregarding prescribed at-risk assumptions.....		4a	19,053,065	
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor.....		4b	20,788,912	
5 Effective interest rate.....		5	6.85 %	
6 Target normal cost.....		6	437,083	

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

**SIGN
HERE**

Signature of actuary

Gary Dickson

Type or print name of actuary

Mercer

Firm name

525 Vine Street
Suite 1600
Cincinnati

OH 45202-3124

Address of the firm

2-14-11

Date

11-03764

Most recent enrollment number

(513) 632-2600

Telephone number (including area code)

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2009
v.092308.1

Part II Beginning of year carryover and prefunding balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	4,152,203	0
8 Portion used to offset prior year's funding requirement (Item 35 from prior year)	1,514,203	0
9 Amount remaining (Item 7 minus item 8).....	2,638,000	0
10 Interest on item 9 using prior year's actual return of <u>1.98</u> %	52,232	
11 Prior year's excess contributions to be added to prefunding balance:		
a Excess contributions (Item 38 from prior year)		0
b Interest on (a) using prior year's effective rate of <u>6.29</u> %		0
c Total available at beginning of current plan year to add to prefunding balance		0
d Portion of (c) to be added to prefunding balance.....		0
12 Reduction in balances due to elections or deemed elections.....	1,706,025	0
13 Balance at beginning of current year (item 9 + item 10 + item 11d - item 12)	984,207	0

Part III Funding percentages

14 Funding target attainment percentage.....	14	76.84 %
15 Adjusted funding target attainment percentage.....	15	75.00 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	80.87 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.....	17	%

Part IV Contributions and liquidity shortfalls**18** Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
10/15/2010	73,821				
12/30/2010	2,450,000				
Totals ▶			18(b)	2,523,821	18(c) 0

19 Discounted employer contributions - see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contribution from prior years.	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c	2,324,692

20 Quarterly contributions and liquidity shortfalls:**a** Did the plan have a "funding shortfall" for the prior year? ☒ Yes ☐ No**b** If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☒ Yes ☐ No**c** If 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of Quarter of this plan year

(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions used to determine funding target and target normal cost**21** Discount rate:

a Segment rates:	1st segment: %	2nd segment: %	3rd segment: %	☒ N/A, full yield curve used
-------------------------	-------------------	-------------------	-------------------	--

b Applicable month (enter code) **21b****22** Weighted average retirement age **22** 61**23** Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute**Part VI Miscellaneous items****24** Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment. ☒ Yes ☐ No**25** Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment. ☒ Yes ☐ No**26** Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment. ☒ Yes ☐ No**27** If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment. **27****Part VII Reconciliation of unpaid minimum required contributions for prior years****28** Unpaid minimum required contribution for all prior years **28** 0**29** Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a) **29** 0**30** Remaining amount of unpaid minimum required contributions (item 28 minus item 29) **30** 0**Part VIII Minimum required contribution for current year****31** Target normal cost, adjusted, if applicable (see instructions) **31** 437,083

32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	3,595,761	717,820
b Waiver amortization installment	0	0

33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount **33** 0**34** Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b - item 33) **34** 1,154,903

	Carryover balance	Prefunding balance	Total balance
35 Balances used to offset funding requirement	984,207	0	984,207

36 Additional cash requirement (item 34 minus item 35) **36** 170,696**37** Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c) **37** 2,324,692**38** Interest-adjusted excess contributions for current year (see instructions) **38** 2,153,996**39** Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37) **39** 0**40** Unpaid minimum required contribution for all years **40** 0

Pension Plan for Hourly Employees of
Ashland Chemical Company

Financial Statements

*Years ended September 30, 2010 and 2009
with Independent Auditor's Report*

Pension Plan for Hourly Employees of
Ashland Chemical Company

Financial Statements

Years ended September 30, 2010 and 2009

Contents

Independent Auditor's Report.....	1
Financial Statements	
Statements of Net Assets Available for Benefits	3
Statements of Changes in Net Assets Available for Benefits.....	4
Notes to Financial Statements	5



Blue & Co., LLC / 301 East Main Street, Suite 1100 / Lexington, KY 40507
main 859.253.1100 fax 859.253.1384 email blue@blueandco.com

INDEPENDENT AUDITOR'S REPORT

Plan Administrator
Pension Plan for Hourly Employees of Ashland Chemical Company

We were engaged to audit the accompanying financial statements of the Pension Plan for Hourly Employees of Ashland Chemical Company (the Plan) as of September 30, 2010 and 2009, and for the years then ended, as listed in the accompanying table of contents. These financial statements are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the investment information summarized in Note 3, which was certified by the trustee of the Plan, Mellon Trust of New England, N.A., except for comparing the information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the years ended September 30, 2010 and 2009, that the information provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements taken as a whole. The form and content of the information included in the financial statements, other than that derived from the investment information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Blue & Co., LLC

July 14, 2011

Pension Plan for Hourly Employees
of Ashland Chemical Company

Statements of Net Assets Available for Benefits

	September 30	
Assets	2010	2009
Investments, at fair value		
Participating units in the Ashland Inc. Pension Trust	14,783,903	14,204,242
Contributions receivable	170,696	-
Net assets available for benefits	<u>\$ 14,954,599</u>	<u>\$ 14,204,242</u>

See accompanying notes.

Pension Plan for Hourly Employees
of Ashland Chemical Company

Statements of Changes in Net Assets Available for Benefits

	Year Ended September 30	
	2010	2009
Additions:		
Plan interest in the Ashland Inc. Pension Trust	\$ 1,467,272	\$ 284,395
Employer contributions	<u>170,696</u>	<u>-</u>
Total additions	1,637,968	284,395
Deductions:		
Benefits paid to participants	817,293	821,446
Administrative and other investment expenses	<u>70,318</u>	<u>64,441</u>
Total deductions	887,611	885,887
Net change in assets	750,357	(601,492)
Net assets available for benefits, beginning of year	<u>14,204,242</u>	<u>14,805,734</u>
Net assets available for benefits, end of year	<u>\$ 14,954,599</u>	<u>\$ 14,204,242</u>

See accompanying notes.

Pension Plan for Hourly Employees
of Ashland Chemical Company
Notes to Financial Statements

Years Ended September 30, 2010 and 2009

1. Description of the Plan

The following brief description of the Pension Plan for Hourly Employees of Ashland Chemical Company (the Plan) is provided for general information purposes only. Participants should refer to the Plan document for more complete information.

The Plan is a non-contributory defined benefit plan that covers eligible hourly wage employees at certain plants of Ashland Specialty Chemical Company (a division of Ashland Inc. (the Company)). The Plan is subject to the current provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan is administered by the Company and maintained by bank Trustees.

Benefits under the Plan are based on an employee's years of service. The Plan provides for 100 percent vesting of such benefits after an employee completes five years of service or satisfies the early retirement requirements.

Fees for administration, investment advice, actuarial and other third party services are paid by the Ashland Inc. Pension Trust (the Trust). The Trust is not charged for administrative services performed on its behalf by Ashland.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting.

Master Trust

The Plan's investments are held in the Trust, a master trust fund for two Company sponsored pension benefit plans. Mellon Trust of New England, N.A. (the Trustee) allocates the earnings from Trust investments to participating plans based on each plan's participation in separate investment pools within the Trust. Accordingly, the Plan's investment gain or loss represents its allocable share of the Trust's investment income and appreciation (depreciation) in fair value of investments.

Pension Plan for Hourly Employees
of Ashland Chemical Company
Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Master Trust (continued)

The fair value of the Plan's interest in the Trust is based on the beginning of the year value of its interest in the Trust plus actual contributions, transfers and allocated investment income less actual distributions and allocated administrative expenses (see Note 3). Investments in the Trust include cash and cash equivalents, U.S. government obligations, government agency obligations (U.S. government and non-U.S. government (foreign), and municipal bonds), corporate debt instruments, corporate stocks, partnership/joint venture interest, and common/collective trusts. Cash and cash equivalents are stated at cost, which approximates fair value. Securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the plan year; investments traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the latest reported bid price. Government agency obligations and corporate debt instruments and stocks that do not have a quoted value are valued based on prices obtained from the Trustee's vendors. Depending on the situation or trading volume, the vendors may use a trade price or evaluated price. Participation units in common collective trusts are valued using the net asset values per share as of the valuation date provided by the investments' custodians. The value of the participation units in partnership/joint ventures are determined based on the net asset value per share reported on the latest statements received from the partnership/joint venture.

Accumulated Plan Benefits

Accumulated plan benefits (see Note 5) are those estimated future periodic payments, including lump-sum distributions, which are attributable under the Plan's provisions for services rendered by the employees to the valuation date.

Accumulated plan benefits include benefits expected to be paid to retired or terminated employees or their beneficiaries, beneficiaries of deceased employees, and active employees or their beneficiaries. Benefits payable under all circumstances are included to the extent they are deemed attributable to employee service rendered to the valuation date. The actuarial present value of these accumulated plan benefits, as determined by the Plan's actuary, is the result from applying actuarial assumptions to reflect the time value of money (through discounts for interest) and the probability of payment between the valuation date and the expected date of payment. The significant actuarial assumptions used in the valuations were as follows:

Discount rate	5.80% per year, compounded annually (8.01% prior year)
Long-term rate of return on plan assets for ASC 715	8.25% per year, compounded annually (8.25% prior year)

Pension Plan for Hourly Employees
of Ashland Chemical Company
Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Accumulated Plan Benefits (continued)

Retirement age assumptions All employees are assumed to retire at age 65 except at certain locations where assumed annual rates of retirement are as follows:

Age	Calumet City, Drew Kearnet, Los Angeles	Cleveland East and West	Savannah, Bartow and Colton
55	10%	5%	3%
56	10%	6%	3%
57	10%	7%	3%
58	10%	8%	3%
59	10%	9%	3%
60	10%	10%	3%
61	10%	10%	3%
62	50%	50%	30%
63	30%	30%	20%
64	30%	30%	20%
65	100%	100%	100%

Mortality 2009 PPA separate static annuitant and non-annuitant mortality tables (2008 PPA separate static annuitant and non-annuitant mortality tables)

Inflation 2.75% per year increase in IRC Section 415 and 401(a)(17) limitations (2.75% per year increase prior year).

Turnover and mortality prior to Retirement

<u>Age</u>	<u>Turnover Rate</u>
25	5.29%
30	5.07%
35	4.70%
40	3.50%
45	1.77%
50	0.40%
55	0.00%

These actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

Pension Plan for Hourly Employees
of Ashland Chemical Company
Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Benefit Payments

Benefit payments to participants are recorded upon distribution.

Use of Estimates

The preparation of the Plan's financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan's management to make estimates and assumptions that affect the amounts reported in these financial statements and accompanying notes. Actual results could differ from those estimates.

Date of Management's Review

The Plan evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through July 14, 2011, which is the date the financial statements were available to be issued.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

3. Investments

The plan administrator has elected the method of compliance as permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, Mellon Trust of New England, N.A., the trustee of the Plan, has certified to the completeness and accuracy of all investments reflected on the accompanying statements of net assets available for benefits as of September 30, 2010 and 2009, the related investment activity reflected in the statements of changes in net assets available for benefits for the years ended September 30, 2010 and 2009 and Note 3.

Pension Plan for Hourly Employees
of Ashland Chemical Company
Notes to Financial Statements (continued)

3. Investments (continued)

At September 30, 2010 and 2009, the Plan's interest in the net assets of the Trust was approximately .6% and 1.4%. The following table presents the assets including investments and liabilities of the Trust at September 30:

	<u>2010</u>	<u>2009</u>
Investments at fair value as determined by quoted market prices		
Interest bearing cash	\$ 91,624,793	\$ 33,353,117
Common/collective trusts	-	-
U.S. government securities	97,770,391	154,100,719
Corporate stock	456	-
Other	5,211,894	2,918,751
	<u>194,607,534</u>	<u>190,372,587</u>
Investments at estimated fair value		
Common/collective trusts	162,749,491	276,560,843
Government agency obligatons:		
U.S. government agencies	54,523,168	56,103,367
Municipal bonds	113,620,411	36,437,708
Non-U.S. government securities	35,253,525	3,585,181
Corporate stock	206,840	-
Corporate debt instruments	832,785,434	277,079,049
Partnership/joint venture interest	1,085,228,204	167,427,683
Other	50,139,817	40,478,530
	<u>2,334,506,890</u>	<u>857,672,361</u>
Total investments	2,529,114,424	1,048,044,948
Receivables	144,894,133	167,871,577
Total assets	2,674,008,557	1,215,916,525
Payables	(192,561,972)	(225,398,381)
Net assets	<u>\$ 2,481,446,585</u>	<u>\$ 990,518,144</u>

Pension Plan for Hourly Employees
of Ashland Chemical Company
Notes to Financial Statements (continued)

3. Investments (continued)

The following table presents the net appreciation (depreciation) in investments (including gains and losses on investments bought and sold, as well as held during the year) and investment income in the Trust for the years ended September 30:

	<u>2010</u>	<u>2009</u>
Net appreciation (depreciation) in fair value of investments:		
Interest bearing cash	\$ 645,577	\$ 35,497
U.S. government securities	12,374,370	5,650,716
Government agency obligations	5,029,262	2,763,061
Corporate debt instruments	97,538,569	46,942,061
Corporate stock	53,673,790	47,500
Partnership/joint venture interest	65,142,066	(5,018,413)
Common/collective trust	70,366,701	(57,547,145)
Other investments	15,412,066	(4,312,890)
	<u>320,182,401</u>	<u>(11,439,613)</u>
Investment income:		
Interest	67,506,188	28,548,635
Dividends	416,017	1,501,940
Other	(253,826)	(101,541)
	<u>(253,826)</u>	<u>(101,541)</u>
Total	<u>\$ 387,850,780</u>	<u>\$ 18,509,421</u>

The Trust, through the activities of certain of its investment managers, uses derivative financial instruments in connection with its normal trading activities in an effort to improve investment return or control risk. Derivative financial instruments generally are viewed as a more cost effective and efficient means of providing liquidity than owning the underlying security. They can also provide unique risk/return structures for the Trust. The derivative financial instruments used in the Trust include futures contracts, options, and interest rate and credit default swaps which expose the Trust to favorable and unfavorable effects of market risk. The Trust does not take on any leverage at the Trust level, and futures positions are covered by short-term marketable securities.

Pension Plan for Hourly Employees
of Ashland Chemical Company
Notes to Financial Statements (continued)

3. Investments (continued)

Futures contracts provide for the delivery or purchase of financial instruments on a specified future date at a specified price or yield. The Trust purchases futures contracts principally for exposure to fixed income securities, which generally are settled in the market prior to delivery of the underlying securities. Additionally, the Trust issues options which obligate the Trust to either buy or sell the underlying fixed income instruments at a specific price if the options are exercised. The Trust receives a premium upon issuance of the options.

The Trust is exposed to risks from unfavorable changes in interest rates or market values of the securities underlying the futures and option contracts. Changes in interest rates on outstanding futures contracts are settled on a daily basis thereby minimizing the Trust's exposure to credit loss. The Trust is also exposed to credit risk in the event of non-performance by the counterparties to the futures and options contracts. The Trust does not anticipate non-performance by the counterparties and generally does not require counterparty collateral.

The fair value of these derivative contracts and related appreciation (depreciation) are included in Other investments in the tables above. The following table presents a summary of the open derivative contracts as of September 30:

	2010		2009	
	Contracts	Fair Value	Contracts	Fair Value
Interest rate futures	-	\$ -	4	\$ 791,214
Eurodollar futures	4	(7,688)	2	402,274
International bond futures	1	(1,256)	-	-
S & P 500 eurodollar futures	1	2,913,150	1	1,723,075
U.S. treasury note futures	2	(222,180)	1	2,188
Foreign currency options	2	(4,523)	-	-
Interest rate swaps	35	(99,233)	17	29,574
Credit default swaps	36	(857,902)	38	(4,033,387)

For the years ended September 30, 2010 and 2009, the Trust realized a net trading gain (loss) on future, option and swap contracts of approximately \$12,100,000 and \$600,000. Gains and losses (realized and unrealized) are included in changes in net assets available for benefits reported as investment gain/ (loss) from the Trust.

Pension Plan for Hourly Employees
of Ashland Chemical Company
Notes to Financial Statements (continued)

4. Fair Value of Investments

The investments of the Trust are recorded at fair value in accordance with Financial Accounting Standards Board Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*. ASC 820 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, summarized below:

Level 1 – Quoted prices in active markets for assets identical to the securities to be valued. If a Level 1 input is available, it must be used.

Level 2 – Inputs other than quoted prices that are observable for securities, either directly or indirectly. Examples include matrix pricing utilizing yield curves, prepayment speeds, credit risks, etc; quoted prices for similar assets in active markets; and input derived from observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Following is a description of the valuation methodologies used for investments measured at fair value:

Interest bearing cash – The carrying value of cash approximates fair value and is classified within Level 1 of the fair value hierarchy.

U.S. government securities – U.S. Treasury and U.S. Government securities are valued based on quoted market prices that are readily and regularly available and are classified within Level 1 of the fair value hierarchy.

U.S. government agencies, municipal bonds, non-U.S. government securities and corporate debt instruments – Values are based on quoted prices in markets that are not active or for which significant inputs are observable either directly or indirectly and are classified within Level 2 of the fair value hierarchy.

Corporate stocks – Values are determined based on quoted market prices, which are traded on an exchange and in an active market when available and classified as Level 1 of the fair value hierarchy. Others are valued based on quoted prices in markets that are not active or for which significant inputs are observable either directly or indirectly and are classified within Level 2 of the fair value hierarchy.

Pension Plan for Hourly Employees
of Ashland Chemical Company
Notes to Financial Statements (continued)

4. Fair Value of Investments (continued)

Partnership and joint venture interests – Values are determined based on net asset value per share as reported periodically on statements received from the partnership/joint venture.

Common/collective trusts – Values are based on the beginning of year value of the Plan's interest in the trust plus actual contributions and allocated investment income (loss) less actual distributions and allocated administrative expenses. Quoted market prices are used to value investments in the trust. The fair value of certain other investments for which quoted market prices are not available are valued based on inputs to the valuation methodology that are unobservable and significant to the fair value measurement.

Short sales, written options, and other investments - Values are determined based on quoted market prices, which are traded on an exchange and in an active market when available and classified as Level 1 of the fair value hierarchy. For those investments which are not traded on an open exchange values are based on quoted prices in markets that are not active or for which significant inputs are observable either directly or indirectly and are classified within Level 2 of the fair value hierarchy. Certain other investments are valued at amortized cost which approximates fair value and are classified within Level 3 of the fair value hierarchy.

The following table sets forth by level, within the fair value hierarchy, the Trust's assets at fair value as of September 30, 2010:

	Level 1	Level 2	Level 3	Total
Interest bearing cash	\$ 91,624,793	\$ -	\$ -	\$ 91,624,793
Common/collective trusts	-	66,091	162,683,400	162,749,491
U.S. government securities	97,770,391	-	-	97,770,391
U.S. government agencies	-	54,523,168	-	54,523,168
Municipal bonds	-	113,620,411	-	113,620,411
Non-U.S. government securities	-	35,253,525	-	35,253,525
Corporate stock	456	206,840	-	207,296
Corporate debt instruments	-	832,785,434	-	832,785,434
Partnership/joint venture interest	-	-	1,085,228,204	1,085,228,204
Other	5,211,894	(464,768)	50,604,585	55,351,711
Total investments	<u>\$ 194,607,534</u>	<u>\$ 1,035,990,701</u>	<u>\$ 1,298,516,189</u>	<u>\$ 2,529,114,424</u>

Pension Plan for Hourly Employees
of Ashland Chemical Company
Notes to Financial Statements (continued)

4. Fair Value of Investments (continued)

The following table sets forth by level, within the fair value hierarchy, the Trust's investments at fair value as of September 30, 2009:

	Level 1	Level 2	Level 3	Total
Interest bearing cash	\$ 33,353,117	\$ -	\$ -	\$ 33,353,117
Common/collective trusts	-	-	276,560,843	276,560,843
U.S. government securities	154,100,719	-	-	154,100,719
U.S. government agencies	-	56,103,367	-	56,103,367
Municipal bonds	-	36,437,708	-	36,437,708
Non-U.S. government securities	-	3,585,181	-	3,585,181
Corporate stock	-	-	-	-
Corporate debt instruments	-	277,079,049	-	277,079,049
Partnership/joint venture interest	-	-	167,427,683	167,427,683
Other	2,918,751	(8,047,915)	48,526,445	43,397,281
Total investments	<u>\$ 190,372,587</u>	<u>\$ 365,157,390</u>	<u>\$ 492,514,971</u>	<u>\$ 1,048,044,948</u>

Changes in the fair value of the Trust's Level 3 investments during the year ended September 30, 2010 were as follows:

	Level 3 Assets			
	Partnership/joint venture interests	Common / collective trusts	Other investments	Total
Balance, beginning of period	\$ 167,067,683	\$ 276,560,843	\$ 48,526,445	\$ 492,154,971
Realized gains (losses)	11,028,285	110,527,434	-	121,555,719
Unrealized gains (losses)	58,022,038	(43,709,197)	2,078,140	16,390,981
Transfers	430,764,620	100,105,113	-	530,869,733
Purchases, sales issuances and settlements, net	418,345,578	(280,800,793)	-	137,544,785
Balance, end of period	<u>\$ 1,085,228,204</u>	<u>\$ 162,683,400</u>	<u>\$ 50,604,585</u>	<u>\$ 1,298,516,189</u>

Changes in the fair value of the Trust's Level 3 investments during the year ended September 30, 2009 were as follows:

	Level 3 Assets			
	Partnership/joint venture interests	Common / collective trusts	Other investments	Total
Balance, beginning of period	\$ 120,151,077	\$ 394,332,544	\$ 42,680,142	\$ 557,163,763
Realized gains (losses)	(8,514,885)	(160,898,394)	-	(169,413,279)
Unrealized gains (losses)	(4,249,336)	104,183,836	5,846,303	105,780,803
Purchases, sales issuances and settlements, net	59,680,827	(61,057,143)	-	(1,376,316)
Balance, end of period	<u>\$ 167,067,683</u>	<u>\$ 276,560,843</u>	<u>\$ 48,526,445</u>	<u>\$ 492,154,971</u>

Pension Plan for Hourly Employees
of Ashland Chemical Company
Notes to Financial Statements (continued)

5. Accumulated Plan Benefits

The actuarial present value of accumulated plan benefits is shown below as of the beginning of each plan year.

	October 1, 2009	October 1, 2008
Vested benefits:		
Participants currently receiving payments	\$ 8,356,538	\$ 6,954,472
Other participants	<u>12,832,429</u>	<u>8,803,518</u>
	21,188,967	15,757,990
Non-vested benefits:	<u>874,508</u>	<u>1,006,153</u>
Total actuarial present value of accumulated plan benefits	<u>\$ 22,063,475</u>	<u>\$ 16,764,143</u>

The changes in the actuarial present value of accumulated plan benefits from the previous valuation date were as follows:

Actuarial present value of accumulated plan benefits at October 1, 2008	\$ 16,764,143
Increase (decrease) during the period attributable to:	
Benefits accumulated and (gains) losses	(88,480)
Interest due to decrease in discount period	1,309,909
Benefits paid	(821,446)
Change in actuarial assumptions	<u>4,899,349</u>
Actuarial present value of accumulated plan benefits at October 1, 2009	<u>\$ 22,063,475</u>

The Plan was amended to reflect various increases in negotiated benefit levels prior to the October 1, 2008 benefit information date. Accordingly, the October 1, 2009 and 2008 valuation was based on the highest known negotiated benefit levels in accordance with ASC 960.

6. Funding Policy and Plan Termination

The Plan meets the Employee Retirement Income Security Act of 1974 (ERISA) minimum funding requirements. Ashland seeks a long run funding level of 100% on a projected benefit obligation basis, but recognizes that year-to-year funding levels may vary widely.

Pension Plan for Hourly Employees
of Ashland Chemical Company
Notes to Financial Statements (continued)

6. Funding Policy and Plan Termination (continued)

The Company has the right to discontinue its contributions and to terminate the Plan at any time. In the event of termination, the net assets of the Plan shall be first used to pay expenses of administration, and then to provide benefits to participants in accordance with Section 4044 of ERISA, generally to provide the following benefits in the order indicated:

1. Annuity benefits that former employees or their beneficiaries have been receiving for at least three years, or that employees eligible to retire for that three-year period would have been receiving if they had retired with benefits in the normal form of annuity under the Plan. The priority amount is limited to the lowest benefit that was payable (or would have been payable) during those three years. The amount is further limited to the lowest benefit that would be payable under Plan provisions in effect at any time during the five years preceding Plan termination.
2. Other vested benefits insured by the Pension Benefit Guaranty Corporation (PBCG) (a United States government agency) up to the applicable limitations (discussed below).
3. All other vested benefits (that is, vested benefits not insured by the PBGC).
4. All nonvested benefits.

Any residual assets remaining after all liabilities are satisfied would be returned to the Company.

If the Plan's net assets are inadequate, the PBGC generally guarantees the payment of vested normal age retirement benefits, early retirement benefits, and certain disability and survivor's pensions. However, the PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan's termination. However, there is a statutory ceiling, which is adjusted periodically, on the amount of an individual's monthly benefit that the PBGC guarantees. For Plan terminations during 2010 and 2009, that ceiling is \$4,500 per month. That ceiling applies to those pensioners who elect to receive their benefits in the form of a single-life annuity and are at least 65 years old at the time of retirement or plan termination (whichever comes later). For younger annuitants or for those who elect to receive their benefits in some form more valuable than a single-life annuity, the corresponding ceilings are actuarially adjusted downward.

Pension Plan for Hourly Employees
of Ashland Chemical Company
Notes to Financial Statements (continued)

6. Funding Policy and Plan Termination (continued)

Whether a particular participant's accumulated plan benefits will be paid should the Plan terminate at some future time will depend on the sufficiency, at that time, of the Plan's net assets to provide for accumulated benefit obligations, and may also depend on the financial condition of the plan sponsor and the level of benefits guaranteed by the PBGC.

7. Tax Status of the Plan

On January 13, 2003, the Internal Revenue Service ruled that the Plan qualifies under Section 401(a) of the Internal Revenue Code (IRC) and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the IRC to maintain its qualification. The Plan has been amended since receiving the determination letter. However, the plan administrator and the Plan's tax counsel believe that the Plan is designed and is currently operating in compliance with the applicable requirements of the IRC. Accordingly, no provision for Federal income taxes is required.

8. Risks and Uncertainties

The Trust invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for benefits.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

9. Commitments

As of September 30, 2010 and 2009, the Trust had subscription agreements to invest \$122,500,000 in various private equity funds. Capital calls to date total \$116,550,000. Capital calls during the years ended September 30, 2010 and 2009 totaled \$1,050,000 and \$37,613,329, respectively.

Pension Plan for Hourly Employees
of Ashland Chemical Company
Notes to Financial Statements (continued)

10. Subsequent Events

Subsequent to year-end, the Company has made additional employer contributions of approximately \$2,900,000.