

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan 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). ► Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 <div style="text-align: center; font-size: 24pt;">2010</div>
		This Form is Open to Public Inspection

Part I	Annual Report Identification Information
For calendar plan year 2010 or fiscal plan year beginning <u>01/01/2010</u> and ending <u>12/31/2010</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information
1a Name of plan <u>ASHLAND INC. UNION EMPLOYEE SAVINGS PLAN</u>	1b Three-digit plan number (PN) ► <u>020</u> 1c Effective date of plan <u>07/01/1983</u>
2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) <u>ASHLAND INC.</u> <u>ATTN. PENSION TRUST DEPARTMENT</u> <u>50 EAST RIVER CENTER BLVD.</u> <u>P.O. BOX 391</u> <u>COVINGTON, KY 41012</u>	2b Employer Identification Number (EIN) <u>20-0865835</u> 2c Sponsor's telephone number <u>859-815-3333</u> 2d Business code (see instructions) <u>424600</u>

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	<u>Filed with authorized/valid electronic signature.</u>	<u>09/26/2011</u>	<u>RONALD GRIFFITH</u>
	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

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

Form 5500 (2010)
v.092307.1

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") ASHLAND INC. ATTN: PENSION TRUST DEPARTMENT 50 EAST RIVER CENTER BLVD. P.O. BOX 391 COVINGTON, KY 41012	3b Administrator's EIN 20-0865835 <hr/> 3c Administrator's telephone number 859-815-3333
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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 HERCULES INCORPORATED	4b EIN 51-0023450 <hr/> 4c PN 020
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5 Total number of participants at the beginning of the plan year	5	3481
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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	1617
b Retired or separated participants receiving benefits.....	6b	80
c Other retired or separated participants entitled to future benefits.....	6c	0
d Subtotal. Add lines 6a , 6b , and 6c	6d	1697
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	0
f Total. Add lines 6d and 6e	6f	1697
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	1697
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	0

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
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8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
 2E 2F 2H 2J 2K 2P 2S 2T 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
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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 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
		2010
		This Form is Open to Public Inspection.

For calendar plan year 2010 or fiscal plan year beginning **01/01/2010** and ending **12/31/2010**

A Name of plan ASHLAND INC. UNION EMPLOYEE SAVINGS PLAN	B Three-digit plan number (PN) ► 020
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)
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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
THE VANGUARD GROUP, INC.
23-1945930

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

THE VANGUARD GROUP, INC.

23-1945930

(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?
15 25 26 37 52	NONE	140948	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 ☐

(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
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(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:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

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
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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
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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
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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) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	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 2010 This Form is Open to Public Inspection
For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010		
A Name of plan ASHLAND INC. UNION EMPLOYEE SAVINGS PLAN	B Three-digit plan number (PN) ►	020
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		(a) Beginning of Year	(b) End of Year
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 Total noninterest-bearing cash	1a		0	236988000
b Receivables (less allowance for doubtful accounts):				
(1) Employer contributions	1b(1)		258000	1204000
(2) Participant contributions	1b(2)		716000	0
(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)		6050000	1302000
(9) Value of interest in common/collective trusts	1c(9)		83540000	0
(10) Value of interest in pooled separate accounts	1c(10)			
(11) Value of interest in master trust investment accounts	1c(11)			
(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)		258454000	5263000
(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)	40947000	3881000
(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	389965000	248638000

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h	0	221564000
i Acquisition indebtedness	1i		
j Other liabilities	1j	4018000	0
k Total liabilities (add all amounts in lines 1g through 1j)	1k	4018000	221564000

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	385947000	27074000
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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)	8318000	
(B) Participants	2a(1)(B)	10932612	
(C) Others (including rollovers)	2a(1)(C)	280990	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		19531602

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)	267101	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		267101

(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)	386639	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	5339632	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		5726271

(3) Rents	2b(3)		
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(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	59710440	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	48789139	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		10921301

		(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)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		460000
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(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)		23622000
c Other income.....	2c		48226
d Total income. Add all income amounts in column (b) and enter total.....	2d		60576501

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	69916765	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)	518	
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		69917283
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		74454
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	132764	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		132764
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		70124501

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		-9548000
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		349325000

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: MORISON COGEN LLP

(2) EIN: 23-1406493

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		20000000
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.	X		

- 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)
ASHLAND INC. EMPLOYEE SAVINGS PLAN	20-0865835	010

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
		2010
		This Form is Open to Public Inspection.

For calendar plan year 2010 or fiscal plan year beginning <u>01/01/2010</u> and ending <u>12/31/2010</u>		
A Name of plan <u>ASHLAND INC. UNION EMPLOYEE SAVINGS PLAN</u>	B Three-digit plan number (PN) ▶ <u>020</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): 23-2186884

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	
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

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): _____

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Ashland Inc. Union Employee Savings Plan

We have audited the accompanying statements of net assets available for benefits of Ashland Inc. Union Employee Savings Plan (formerly, Hercules Incorporated Savings and Investment Plan) as of December 31, 2010 and 2009, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of Ashland Inc. Union Employee Savings Plan as of December 31, 2010 and 2009, and changes in its net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of assets held at end of year as of December 31, 2010 and reportable transactions for the year then ended are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



June 28, 2011

ASHLAND INC. UNION EMPLOYEE SAVINGS PLAN
(FORMERLY, HERCULES INCORPORATED SAVINGS AND INVESTMENT PLAN)

FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

INDEX TO FINANCIAL STATEMENT AND REQUIRED SUPPLEMENTARY DATA

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* Other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Ashland Inc. Union Employee Savings Plan

We have audited the accompanying statements of net assets available for benefits of Ashland Inc. Union Employee Savings Plan (formerly, Hercules Incorporated Savings and Investment Plan) as of December 31, 2010 and 2009, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of Ashland Inc. Union Employee Savings Plan as of December 31, 2010 and 2009, and changes in its net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of assets held at end of year as of December 31, 2010 and reportable transactions for the year then ended are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Morison Cogen LLP

June 28, 2011

ASHLAND INC. UNION EMPLOYEE SAVINGS PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
(Dollars in Thousands)

	December 31	
	2010	2009
ASSETS:		
Investments (at fair value) (Notes 3 and 4)	\$ 9,144	\$ 382,941
Investments in transit	236,988	-
Notes receivable from participants	1,302	6,050
Contributions receivable	1,204	974
Total assets	<u>248,638</u>	<u>389,965</u>
LIABILITIES:		
Loan payable (Note 7)	-	4,018
Payable to Ashland Plan	<u>221,564</u>	<u>-</u>
Total liabilities	<u>221,564</u>	<u>4,018</u>
Net assets reflecting all investments at fair value	27,074	385,947
Adjustment from fair value to contract value for fully benefit - responsive investment contract	<u>-</u>	<u>(1,806)</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u><u>\$ 27,074</u></u>	<u><u>\$ 384,141</u></u>

The accompanying notes are an integral part of these financial statements

ASHLAND INC. UNION EMPLOYEE SAVINGS PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
(Dollars in Thousands)

	Year Ended December 31	
	2010	2009
ADDITIONS:		
Increase to net assets attributed to:		
Investment income:		
Interest	\$ 2,266	\$ 2,506
Dividends	5,726	5,452
Interest on notes receivable from participants	267	314
Contributions:		
Participants	11,214	12,113
Employer	8,318	6,591
Other	48	186
Net appreciation in fair value of investments (Note 4)	34,544	83,375
Total Additions	<u>62,383</u>	<u>110,537</u>
DEDUCTIONS:		
Deductions from net assets attributed to:		
Benefits paid to participants	69,918	32,504
Administrative expenses	133	124
Interest expense	74	306
Total Deductions	<u>70,125</u>	<u>32,934</u>
Net Increase (Decrease)	(7,742)	77,603
Transfer to Ashland Plan	(349,325)	-
NET ASSETS AVAILABLE FOR BENEFITS:		
Beginning of year	<u>384,141</u>	<u>306,538</u>
End of year	<u>\$ 27,074</u>	<u>\$ 384,141</u>

The accompanying notes are an integral part of these financial statements

ASHLAND INC. UNION EMPLOYEE SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
(Dollars in Thousands)

1. Description of Plan

The following description of the Ashland Inc. Union Employee Savings Plan, formerly known as the Hercules Incorporated Savings and Investment Plan (the “Plan”) provides only general information. The Plan is a defined contribution Internal Revenue Code (“IRC”) Section 401(k) plan subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”). Participants should refer to the Plan document for a more complete description of the Plan’s provisions.

On November 13, 2008, Ashland Inc. (“Ashland” or the “Company”) completed the acquisition of Hercules Incorporated (“Hercules”), through a subsidiary merger transaction. As a result of this transaction, Hercules became a wholly owned subsidiary of Ashland. At the time of the merger, each share of Hercules common stock was converted into the right to receive 0.093 shares of Ashland common stock, par value \$0.01 per share, and \$18.60 in cash, without interest, which merger consideration had a value of approximately \$23.01 per Hercules share based on Ashland’s July 10, 2008 closing stock price.

Upon hire, all employees of the Company or any subsidiary or affiliate who are members of a collective bargaining unit that has bargained to participate in the Plan: (1) are eligible to participate in the Plan; (2) are enrolled in the Plan unless they choose not to participate and (3) obtain non-forfeitable (“vested”) rights to the full market value of their account. At enrollment, participants may elect to contribute from 1% to 50% of their monthly wages on either a pre-tax or post-tax basis, or a combination thereof subject to IRC limitations. New participants are deemed to elect to contribute 3% of their wages as pre-tax contributions, unless they elect otherwise.

The Company contributes a matching contribution of 50% of the first 6% of the earnings that an employee contributes to the Plan for the pay period. The matching contribution may be made in shares of stock, cash or may be used to pay down an exempt loan, the proceeds of which were used to acquire company stock held in a suspense account as part of the portion of the Plan that is an employee stock ownership plan (ESOP). To the extent matching contributions are used to pay down an exempt loan, shares of stock are released from the suspense account and allocated to participants’ accounts. As a result of the purchase of Hercules by Ashland, the shares of Hercules stock in the Plan were exchanged for shares of Ashland common stock. Participants direct the investment of their account into any of the Plan’s investment options, or a combination thereof. Eligible participants are also eligible to receive a performance-based employer contribution based on pre-established performance metrics. For employees hired on or after January 1, 2005, the Company also makes a Basic Retirement Contribution equal to 2% of their earnings each pay period.

The Plan provides for various stock, bond, and fixed income mutual fund investment options and Ashland Inc. common stock. These investments are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain of these investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in one or more of these or other risks in the near term could materially affect participants’ account balances and the amounts reported in the statement of net assets available for benefits and the statement of changes in net assets available for benefits.

The Plan includes an employee note receivable provision authorizing participants to borrow a minimum of \$1,000 up to a maximum amount that is equal to the lesser of \$50,000 or 50% of their vested balances in the Plan. The note receivables are evidenced by promissory notes and have a minimum term of 12 months and a maximum term of 60 months, except for qualified residential notes, which have a maximum term of 120 months. The note receivables bear a reasonable interest rate fixed at the date the note is granted. The note receivables are repaid over the term in monthly installments of principal and interest by payroll deduction. A participant also has the right to repay the note receivable in full at any time without penalty.

Effective January 1, 2005, the Plan was amended to permit variable employer contributions to eligible participants. This Performance Retirement Contribution (“PRC”) is based on Company performance each year against specific performance targets. Effective January 1, 2009, Company performance may include the metrics deemed advisable or convenient and may include performance of the whole Company and each affiliate. Company performance at target will generate an average PRC contribution equal to 3% of participant’s annual wages. If the Company’s

ASHLAND INC. UNION EMPLOYEE SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
(Dollars in Thousands)

1. Description of Plan (continued)

performance exceeds the target, the average contribution could go up to 6% of annual wages. If the Company achieves the target in a given year and generates a 3% pool, the Company will make contributions to the participants' accounts in these amounts:

1.5% of pay for employees with less than 11 years of service.

3% of pay for employees with between 11 and 20 years of service.

4.5% of pay for employees with greater than 20 years of service.

The Company performance target for the PRC for both 2010 and 2009 was Operating Cash Flow. Based on performance against target, the Company made a \$6,889 PRC for 2010 and a \$2,997 PRC for 2009.

As of December 31, 2010, the Hercules Savings and Investment Plan was renamed the Ashland Inc. Union Employee Savings Plan. In conjunction with this change, a majority of the participants were transferred to the Ashland Inc. Employee Savings Plan (for a total transfer of \$349,325) with the exception of a select group of union-affiliated employees. These employees remained in the Plan and will continue to do so indefinitely. The Vanguard Group was both the Trustee and Recordkeeper for the Plan. As of December 31, 2010, both the Trustee and Recordkeeper for the Plan were changed to Fidelity Investments. Certain in-kind investment assets and participant loans have been recognized in the accounts of the Plan as of December 31, 2010, at their balances as previously carried in the accounts at Vanguard. The remaining investment assets have been recorded by the Plan as investments in transit on December 31, 2010.

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue any or all of its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

2. Summary of Significant Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein and disclosures of assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

The financial statements of the Plan are prepared under the accrual method of accounting. Investments in the Plan are carried at fair value. The fair value of the common stock of Ashland Inc. is based upon the price at which the stock closed on the New York Stock Exchange on the last business day of the year. The market values for funds managed by the Trustee are valued at the net asset value of the shares held by the Plan at year-end, which is based on the fair value of the underlying securities held by the fund. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date.

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant notes receivable are reclassified as distributions based upon the terms of the plan document.

Withdrawals are recorded upon distribution. The Plan provides that participants who retire from the Company may elect, upon retirement, an Optional Valuation Date ("OVD") for determining their final withdrawal. The OVD is the last business day of any month following retirement, in which the distribution is requested.

Certain prior period amounts are reclassified to conform with the current year's presentation.

ASHLAND INC. UNION EMPLOYEE SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
(Dollars in Thousands)

3. Fair Value Measurements

The financial statements of the Plan 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. The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2010:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Ashland Common Stock Fund	\$ -	\$ 3,881	\$ -	\$ 3,881
Mutual Funds	<u>5,263</u>	<u>-</u>	<u>-</u>	<u>5,263</u>
Total	<u>\$ 5,263</u>	<u>\$ 3,881</u>	<u>\$ -</u>	<u>\$ 9,144</u>

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2009:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stock, mutual funds	\$ 258,453	\$ 40,947	\$ -	\$ 299,400
Guaranteed investment contracts	<u>-</u>	<u>-</u>	<u>83,541</u>	<u>83,541</u>
Total	<u>\$ 258,453</u>	<u>\$ 40,947</u>	<u>\$ 83,541</u>	<u>\$ 382,941</u>

As described in ASC 962, Plan Accounting—Defined Contribution Pension Plans, investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. As required by the ASC, the Statement of Net Assets Available for Benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis. The Vanguard Retirement Savings Trust in 2009 held investment contracts in a common collective trust and are subject to the requirements of the ASC. As of December 31, 2010, no investment contracts were held that are subject to the requirements of the ASC.

ASHLAND INC. UNION EMPLOYEE SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
(Dollars in Thousands)

3. Fair Value Measurements (continued)

Following is a description of the valuation methodologies used for assets measured at fair value. While, the value of the Ashland Common Stock Fund is determined based on the price of Ashland common stock, the fund also holds cash, and therefore is not traded on an exchange or active market.

Ashland Common Stock Fund: Value is determined based on the underlying investments, which are traded on an exchange and active market.

Mutual funds: Valued at the net asset value (NAV) of shares held by the plan at year-end.

Guaranteed investment contract: Held in a common / collective trust and valued at fair value per ASC 962 guidance. Fair value is approximated by discounting the related cash flows of the contracts. The significant assumptions for the discounted cash flow approach include a discount rate based on current yields of similar instruments with comparable durations.

Changes in the fair value of the Plan's Level 3 investments during the year ended December 31, 2010 were as follows:

	Level 3 Assets	
	<u>Guaranteed Investment Contracts</u>	<u>Total</u>
Balance at December 31, 2009	\$ 83,541	\$ 83,541
Realized and unrealized gains (losses)	<u>(83,541)</u>	<u>(83,541)</u>
Balance at December 31, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Changes in the fair value of the Plan's Level 3 investments during the year ended December 31, 2009 were as follows:

	Level 3 Assets	
	<u>Guaranteed Investment Contracts</u>	<u>Total</u>
Balance at December 31, 2008	\$ 87,474	\$ 87,474
Realized and unrealized gains (losses)	<u>(3,933)</u>	<u>(3,933)</u>
Balance at December 31, 2009	<u><u>\$ 83,541</u></u>	<u><u>\$ 83,541</u></u>

ASHLAND INC. UNION EMPLOYEE SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
(Dollars in Thousands)

4. Investments

The following table presents the fair values of investments held by the Trustee at December 31:

	2010	2009
* Vanguard 500 Index Fund	\$ -	\$ 34,327
Vanguard Explorer Fund	647	6,882
Vanguard Extended Market Index Fund	320	7,679
Vanguard Growth & Income Fund	-	13,184
* Vanguard Institutional Index	2,171	-
* Vanguard International Growth Fund	-	21,799
* Vanguard PRIMECAP Fund	-	35,008
Vanguard Prime Money Market	-	50
Vanguard Small-Cap Value Index Fund	538	7,872
* Vanguard Total Bond Market Index Fund	1,485	27,333
Vanguard Windsor II Fund	-	18,207
* Ashland Common Stock Fund	3,881	40,947
* Vanguard Retirement Savings Trust	-	83,541
Vanguard Inflation-Protected Securities Fund	102	2,335
Vanguard Target Retirement 2005 Fund	-	5,163
Vanguard Target Retirement 2010 Fund	-	6,001
Vanguard Target Retirement 2015 Fund	-	18,929
Vanguard Target Retirement 2020 Fund	-	14,433
* Vanguard Target Retirement 2025 Fund	-	19,572
Vanguard Target Retirement 2030 Fund	-	7,471
Vanguard Target Retirement 2035 Fund	-	5,536
Vanguard Target Retirement 2040 Fund	-	1,974
Vanguard Target Retirement 2045 Fund	-	1,707
Vanguard Target Retirement 2050 Fund	-	827
Vanguard Target Retirement Income	-	2,164
Total	\$ 9,144	\$ 382,941

* Represents at least 5% of the Plan's net assets at December 31, 2010 or 2009.

As of December 31, 2010, the Plan assets are held with Fidelity Investments. The Plan offers various investment vehicles in which participants may invest their account balances. Net appreciation in fair value of investments for the Plan for the years ended December 31, 2010 and 2009 are as follows:

	2010	2009
Ashland Common Stock Fund	\$ 10,922	\$ 36,927
Mutual Funds	23,622	46,448
Net appreciation (depreciation) in fair value of investments	\$ 34,544	\$ 83,375

ASHLAND INC. UNION EMPLOYEE SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
(Dollars in Thousands)

5. Employer Contributions

As of, and for the years ended December 31, 2010 and 2009, respectively, the Company made the following contributions to the Plan.

	<u>Cash</u>	<u>Stock</u>	<u>Total</u>
December 31, 2010	\$ 1,771	\$ 6,547	<u>\$ 8,318</u>
December 31, 2009	\$ 537	\$ 6,054	<u>\$ 6,591</u>

At December 31, 2010 and 2009, \$1,204 and \$258 respectively were receivable from the Company.

6. Non-participant-directed Investments

Information about the net assets and the significant components of the changes in net assets relating to the non-participant-directed investments is as follows:

	<u>Investments</u>	<u>Contributions Receivable</u>	<u>Loan Payable</u>	<u>Net Assets</u>
<u>December 31, 2010</u>				
Ashland Common Stock Fund (participant-directed)	<u>\$ 3,881</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,881</u>
	3,881	-	-	3,881
Ashland ESOP Stock Fund (non-participant-directed)				
Allocated	-	-	-	-
Unallocated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	-	-	-	-
	<u>\$ 3,881</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,881</u>
<u>December 31, 2009</u>				
Ashland Common Stock Fund (participant-directed)	<u>\$ 14,326</u>	<u>\$ 47</u>	<u>\$ -</u>	<u>\$ 14,373</u>
	14,326	47	-	14,373
Ashland ESOP Stock Fund (non-participant-directed)				
Allocated	19,006	223	-	19,229
Unallocated	<u>7,615</u>	<u>-</u>	<u>(4,018)</u>	<u>3,597</u>
	26,621	223	(4,018)	22,826
	<u>\$ 40,947</u>	<u>\$ 270</u>	<u>\$ (4,018)</u>	<u>\$ 37,199</u>

ASHLAND INC. UNION EMPLOYEE SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
(Dollars in Thousands)

6. Non-participant-directed Investments (continued)

Investment income (loss) for the years ended December 31, 2010 and 2009 are as follows:

	Ashland Common Stock Funds	Ashland ESOP Stock Fund	
		Allocated	Unallocated
<u>December 31, 2010</u>			
Net appreciation in fair value of investments	\$ 3,702	\$ 5,046	\$ 2,174
Employer contributions	60	(670)	1,219
Employee contributions	635	-	-
Benefit paid to participants	(1,886)	(2,719)	-
Interest income (expense)	153	234	(75)
Allocation of shares under ESOP provisions	-	9,789	(9,789)
Net loan activity	136	199	-
Other (deductions) additions	(2)	(7)	55
Transfer to other investment options	(3,237)	(4,651)	-
Transfer to Ashland Plans	(10,053)	(26,450)	2,819
Net (decrease) increase	<u>\$ (10,492)</u>	<u>\$ (19,229)</u>	<u>\$ (3,597)</u>
<u>December 31, 2009</u>			
Net appreciation in fair value of investments	\$ 12,365	\$ 12,683	\$ 6,055
Employer contributions	(158)	324	5,983
Employee contributions	667	-	-
Benefit paid to participants	(385)	(581)	-
Interest income (expense)	105	130	(306)
Allocation of shares under ESOP provisions	-	6,732	(6,732)
Net loan activity	71	144	-
Stock conversion adjustment	-	-	5,824
Other (deductions) additions	(15)	(12)	-
Transfer to other investment options	(1,006)	(2,629)	-
Net (decrease) increase	<u>\$ 11,644</u>	<u>\$ 16,791</u>	<u>\$ 10,824</u>

7. Loan Payable

Pursuant to a loan agreement entered into with the Company in 2001, the Plan borrowed \$11,000 in December 2001. This loan has a maturity date of December 31, 2020, bears interest at a rate of LIBOR plus 2.75% and has a fixed principal payment schedule of \$200 per year on December 31 of each year from 2002 through 2019, with a balloon payment of \$7,400 payable on December 31, 2020. On April 29, 2002, the Plan borrowed an additional \$75,000 from the Company. Principal payments on the loans are made in the same proportion as shares are released from the ESOP. The interest rate of both loans at December 31, 2010 was 3.0%.

ASHLAND INC. UNION EMPLOYEE SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
(Dollars in Thousands)

7. Loan Payable (continued)

The Plan provides for the periodic allocation of shares of Ashland common stock to the account of Plan participants to satisfy the Company matching obligations. As of December 31, 2010, there was no outstanding borrowing due to the Plan transfer to the Ashland Inc. Employee Savings Plan, thus satisfying the debt requirement. The value of the outstanding borrowings was \$4,018 at December 31, 2009.

8. Related Party Transactions

Certain Plan investments are shares of mutual funds managed by the Trustee; therefore, these transactions qualify as party-in-interest transactions.

9. Tax Status

On March 18, 2003, the Internal Revenue Service advised the Company that the Plan as amended through January 28, 2002 is a qualified plan and trust under Section 401(a) of the Internal Revenue Code and is therefore exempt from Federal income taxes under provisions of Section 501(a) of the code. The Plan has been amended since receiving the determination letter to include, among other things, the merger of the BetzDearborn Plan and the performance based and fixed contributions. A subsequent, off cycle, filing was made with the Internal Revenue Service for amendments through January 31, 2008, the date of such filing. By letter dated April 22, 2010, the Internal Revenue Service returned the filing to the Company because the filing was off cycle. The Internal Revenue Service stated that the Plan should be filed during its remedial amendment cycle which ends on January 31, 2011. The Company submitted an updated filing to the Internal Revenue Service in January 2011. As of the date of these financial statements, a determination letter has not yet been received from the Internal Revenue Service however, the Plan administrator and the Plan's counsel believe that the Plan is designed and currently being operated in compliance with the applicable requirements of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the plan and recognize a tax liability (or asset) if the plan has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The plan administrator has analyzed the tax positions taken by the plan, and has concluded that as of December 31, 2010, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2007.

10. Recent Accounting Pronouncements

In January 2010, FASB issued ASU No. 2010-06, *Fair Value Measurements and Disclosures* (Topic 820): *Improving Disclosures about Fair Value Measurements*. This update provides amendments to ASC Topic 820 that will provide more robust disclosures about (1) the different classes of assets and liabilities measured at fair value, (2) the valuation techniques and inputs used, (3) the activity in Level 3 fair value measurements, and (4) the transfers between Levels 1, 2 and 3. This standard is effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The Plan adopted the disclosures required as of January 1, 2010.

In September 2010, FASB issued ASU No. 2010-25, *Plan Accounting – Defined Contribution Pension Plans* (Topic 962): *Reporting Loans to Participants by Defined Contribution Pension Plans*. Participant loans were previously classified as investments. The amendments in this update require that participant loans be classified as notes receivable from participants, which are segregated from plan investments and measured at their unpaid balance plus any accrued but unpaid interest. The amendments in this update should be applied retrospectively to all prior periods presented, effective for fiscal years ending after December 15, 2010. The Plan adopted the amendments to this update retrospectively and the financial statements reflect participant loans as notes receivable rather than investment.

ASHLAND INC. UNION EMPLOYEE SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
(Dollars in Thousands)

10. Recent Accounting Pronouncements (continued)

As of December 31, 2010, there are no recently issued accounting standards not yet adopted which would have a material effect on the Plan's financial statements.

11. Risks and Uncertainties

The Plan 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 participants' account balances and the amounts reported in the Statement of Net Assets Available for Benefits.

SCHEDULE I

ASHLAND INC. UNION EMPLOYEE SAVINGS PLAN

**Schedule of Assets Held for Investment Purposes at End of Year
Attachment for Schedule H, Line 4i**

As of December 31, 2010

Ashland Inc. Union Employee Savings Plan, EIN 51-0023450, PN 020

Identity of Issue	Investment Type	Cost/Contract Value**	Current/ Market Value
* Vanguard Explorer Fund	Registered Investment Company		\$ 646,972
* Vanguard Extended Market Index Investment	Registered Investment Company		320,577
* Vanguard Inflation-Protected Securities Fund	Registered Investment Company		101,560
* Vanguard Institutional Index Fund	Registered Investment Company		2,170,934
* Vanguard Small-Cap Index	Registered Investment Company		537,655
* Vanguard Total Bond Market Index	Registered Investment Company		1,485,190
* Ashland Common Stock Fund	Company Stock Fund		3,880,748
Total Investments			9,143,636
* Participant notes receivable, maturity dates through January 2016 and annual interest rates of 4.25% and 9.25%			1,301,893
Total Assets Held for Investment Purposes			<u>\$ 10,445,529</u>

* Party in Interest

** Required for nonparticipant-directed investments only

SCHEDULE II

ASHLAND INC. UNION EMPLOYEE SAVINGS PLAN

**Schedule of Reportable Transactions
Attachment for Schedule H, Line 4j**

For the year ended December 31, 2010

Ashland Inc. Union Employee Savings Plan, EIN 51-0023450, PN 020

Identity of Party Involved	Description of Asset	Purchase Price	Selling Price	Historical Cost of Asset	Current Value of Asset on Transaction Date*	Historical Gain (Loss)
Vanguard	Vanguard 500 Index Inv	\$ 5,098,935.37			\$ 5,098,935.37	
Vanguard	Vanguard 500 Index Inv		\$ 43,447,871.13	\$ 38,645,349.25	43,447,871.13	\$ 4,802,521.88
Vanguard	Vanguard Int'l Growth Fund Inv	3,760,919.66			3,760,919.66	
Vanguard	Vanguard Int'l Growth Fund Inv		28,135,558.41	27,252,603.53	28,135,558.41	882,954.88
Vanguard	Vanguard PRIMECAP Fund Inv	2,698,705.83			2,698,705.83	
Vanguard	Vanguard PRIMECAP Fund Inv		40,996,356.60	32,091,561.40	40,996,356.60	8,904,795.20
Vanguard	Vanguard Tgt Retirement 2015	4,000,585.23			4,000,585.23	
Vanguard	Vanguard Tgt Retirement 2015		24,642,082.90	21,171,370.36	24,642,082.90	3,470,712.54
Vanguard	Vanguard Tgt Retirement 2020	1,918,702.93			1,918,702.93	
Vanguard	Vanguard Tgt Retirement 2020		17,800,008.93	13,951,763.21	17,800,008.93	3,848,245.72
Vanguard	Vanguard Tgt Retirement 2025	1,858,562.70			1,858,562.70	
Vanguard	Vanguard Tgt Retirement 2025		23,528,998.67	19,412,699.30	23,528,998.67	4,116,299.37
Vanguard	Vanguard Total Bd Mkt Indx Inv	8,548,315.26			8,548,315.26	
Vanguard	Vanguard Total Bd Mkt Indx Inv		36,574,830.36	35,291,015.05	36,574,830.36	1,283,815.31
Vanguard	Vanguard Windsor II Fund Inv	1,906,240.81			1,906,240.81	
Vanguard	Vanguard Windsor II Fund Inv		21,424,647.62	21,654,281.37	21,424,647.62	(229,633.75)
Vanguard	Vanguard Retire Savings Trust	21,833,184.80			21,833,184.80	
Vanguard	Vanguard Retire Savings Trust		100,383,063.38	100,383,063.35	100,383,063.38	0.03
Vanguard	Ashland Common Stock Fund	17,630,449.46			17,630,449.46	
Vanguard	Ashland Common Stock Fund		59,710,439.77	33,502,169.78	59,710,439.77	26,208,269.99

* Transactions or a series of transactions in excess of 5% of the current value of the Plan's assets as of the beginning of the plan year as defined in Section 2520.103-6 of the Department of Labor Rules and Regulations for Reporting and Disclosure under ERISA.

SCHEDULE I

ASHLAND INC. UNION EMPLOYEE SAVINGS PLAN

Schedule of Assets Held for Investment Purposes at End of Year
Attachment for Schedule H, Line 4i

As of December 31, 2010

Ashland Inc. Union Employee Savings Plan, EIN 51-0023450, PN 020

Identity of Issue	Investment Type	Cost/Contract Value**	Current/Market Value
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* Vanguard Institutional Index Fund	Registered Investment Company		2,170,934
* Vanguard Small-Cap Index	Registered Investment Company		537,655
* Vanguard Total Bond Market Index	Registered Investment Company		1,485,190
* Ashland Common Stock Fund	Company Stock Fund		3,880,748
Total Investments			9,143,636
* Participant notes receivable, maturity dates through January 2016 and annual interest rates of 4.25% and 9.25%			1,301,893
Total Assets Held for Investment Purposes			\$ 10,445,529

* Party in Interest

** Required for nonparticipant-directed investments only

SCHEDULE II

ASHLAND INC. UNION EMPLOYEE SAVINGS PLAN

**Schedule of Reportable Transactions
Attachment for Schedule H, Line 4j**

For the year ended December 31, 2010

Ashland Inc. Union Employee Savings Plan, EIN 51-0023450, PN 020

Identity of Party Involved	Description of Asset	Purchase Price	Selling Price	Historical Cost of Asset	Current Value of Asset on Transaction Date*	Historical Gain (Loss)
Vanguard	Vanguard 500 Index Inv	\$ 5,098,935.37	\$ 43,447,871.13	\$ 38,645,349.25	\$ 5,098,935.37	\$ 4,802,521.88
Vanguard	Vanguard 500 Index Inv				43,447,871.13	
Vanguard	Vanguard Int'l Growth Fund Inv	3,760,919.66			3,760,919.66	
Vanguard	Vanguard Int'l Growth Fund Inv		28,135,558.41	27,252,603.53	28,135,558.41	882,954.88
Vanguard	Vanguard PRIMECAP Fund Inv	2,698,705.83			2,698,705.83	
Vanguard	Vanguard PRIMECAP Fund Inv		40,996,356.60	32,091,561.40	40,996,356.60	8,904,795.20
Vanguard	Vanguard Tgt Retirement 2015	4,000,585.23			4,000,585.23	
Vanguard	Vanguard Tgt Retirement 2015		24,642,082.90	21,171,370.36	24,642,082.90	3,470,712.54
Vanguard	Vanguard Tgt Retirement 2020	1,918,702.93			1,918,702.93	
Vanguard	Vanguard Tgt Retirement 2020		17,800,008.93	13,951,763.21	17,800,008.93	3,848,245.72
Vanguard	Vanguard Tgt Retirement 2025	1,858,562.70			1,858,562.70	
Vanguard	Vanguard Tgt Retirement 2025		23,528,998.67	19,412,699.30	23,528,998.67	4,116,299.37
Vanguard	Vanguard Total Bd Mkt Indx Inv	8,548,315.26			8,548,315.26	
Vanguard	Vanguard Total Bd Mkt Indx Inv		36,574,830.36	35,291,015.05	36,574,830.36	1,283,815.31
Vanguard	Vanguard Windsor II Fund Inv	1,906,240.81			1,906,240.81	
Vanguard	Vanguard Windsor II Fund Inv		21,424,647.62	21,654,281.37	21,424,647.62	(229,633.75)
Vanguard	Vanguard Retire Savings Trust	21,833,184.80			21,833,184.80	
Vanguard	Vanguard Retire Savings Trust		100,383,063.38	100,383,063.35	100,383,063.38	0.03
Vanguard	Ashland Common Stock Fund	17,630,449.46			17,630,449.46	
Vanguard	Ashland Common Stock Fund		59,710,439.77	33,502,169.78	59,710,439.77	26,208,269.99

* Transactions or a series of transactions in excess of 5% of the current value of the Plan's assets as of the beginning of the plan year as defined in Section 2520.103-6 of the Department of Labor Rules and Regulations for Reporting and Disclosure under ERISA.