

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), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 <div style="text-align: center; font-size: 1.5em; font-weight: bold;">2011</div> This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2011 or fiscal plan year beginning <u>10/01/2011</u> and ending <u>09/30/2012</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 HERCULES PENSION PLAN</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>001</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>01/01/1913</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>001</u>	1c Effective date of plan <u>01/01/1913</u>			
1b Three-digit plan number (PN) ▶	<u>001</u>						
1c Effective date of plan <u>01/01/1913</u>							
2a Plan sponsor's name and address, including room or suite number (Employer, if for single-employer plan) <u>ASHLAND INC</u> <u>P O BOX 14000</u> <u>LEXINGTON, KY 40512</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">2b Employer Identification Number (EIN) <u>20-0865835</u></td> <td style="width: 20%;"></td> </tr> <tr> <td>2c Sponsor's telephone number <u>859-357-7777</u></td> <td></td> </tr> <tr> <td>2d Business code (see instructions) <u>424600</u></td> <td></td> </tr> </table>	2b Employer Identification Number (EIN) <u>20-0865835</u>		2c Sponsor's telephone number <u>859-357-7777</u>		2d Business code (see instructions) <u>424600</u>	
2b Employer Identification Number (EIN) <u>20-0865835</u>							
2c Sponsor's telephone number <u>859-357-7777</u>							
2d Business code (see instructions) <u>424600</u>							
<u>3499 BLAZER PARKWAY</u> <u>LEXINGTON, KY 40509</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	Filed with authorized/valid electronic signature.	07/15/2013	JOSEPH LAKE
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	07/15/2013	JOSEPH LAKE
	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 (2011)
v.012611

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") ASHLAND INC P O BOX 14000 LEXINGTON, KY 40512	3b Administrator's EIN 20-0865835 3c Administrator's telephone number 859-357-7777
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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	4b EIN 4c PN
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5 Total number of participants at the beginning of the plan year	5	53923
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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	5405
b Retired or separated participants receiving benefits.....	6b	20628
c Other retired or separated participants entitled to future benefits.....	6c	23595
d Subtotal. Add lines 6a , 6b , and 6c	6d	49628
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	4329
f Total. Add lines 6d and 6e	6f	53957
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	0
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	34

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:

1A 1G 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)	9b Plan benefit arrangement (check all that apply)
(1) ☐ Insurance	(1) ☐ Insurance
(2) ☐ Code section 412(e)(3) insurance contracts	(2) ☐ Code section 412(e)(3) insurance contracts
(3) ☒ Trust	(3) ☒ Trust
(4) ☐ General assets of the sponsor	(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 2011 This Form is Open to Public Inspection
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For calendar plan year 2011 or fiscal plan year beginning 10/01/2011 and ending 09/30/2012

▶ **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>ASHLAND HERCULES PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</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>2011</u>			
2 Assets:			
a Market value	2a <u>2443069014</u>		
b Actuarial value	2b <u>2420636079</u>		
3 Funding target/participant count breakdown:			
a For retired participants and beneficiaries receiving payment	3a <u>24593</u>	(1) Number of participants	(2) Funding Target
b For terminated vested participants	3b <u>25168</u>		<u>1714800118</u>
c For active participants:			
(1) Non-vested benefits	3c(1)		<u>41652239</u>
(2) Vested benefits	3c(2)		<u>511443976</u>
(3) Total active	3c(3) <u>5852</u>		<u>553096215</u>
d Total	3d <u>55613</u>		<u>3025793908</u>
4 If the plan is in at-risk status, check the box and complete lines (a) and (b)	☐		
a Funding target disregarding prescribed at-risk assumptions	4a		
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b		
5 Effective interest rate	5 <u>5.57 %</u>		
6 Target normal cost	6 <u>33961547</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		<u>06/28/2013</u>
Signature of actuary		Date
<u>GARY D DICKSON</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) 2011
v.012611

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 (line 13 from prior year)	204438294	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	108842352	0
9	Amount remaining (line 7 minus line 8)	95595942	0
10	Interest on line 9 using prior year's actual return of <u>5.25</u> %	5018787	
11	Prior year's excess contributions to be added to prefunding balance:		
a	Present value of excess contributions (line 38 from prior year)		36693381
b	Interest on (a) using prior year's effective rate of <u>6.42</u> % except as otherwise provided (see instructions)		1926403
c	Total available at beginning of current plan year to add to prefunding balance		38619784
d	Portion of (c) to be added to prefunding balance		0
12	Other reductions in balances due to elections or deemed elections	100614729	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	0

Part III		Funding percentages	
14	Funding target attainment percentage	14	80.00 %
15	Adjusted funding target attainment percentage	15	80.00 %
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	87.54 %
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
01/13/2012	27210588				
04/13/2012	27210588				
07/13/2012	27210588				
10/15/2012	27210588				
01/15/2013	16288283				
06/14/2013	33808926				
			Totals ►	18(b)	158939561
				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 contributions 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 151052612
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

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

21 Discount rate:				
a Segment rates:	1st segment: 2.27%	2nd segment: 5.43%	3rd segment: 6.34 %	☐ N/A, full yield curve used
b Applicable month (enter code)				21b 4
22 Weighted average retirement age				22 62
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 contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)	31a	33961547	
b Excess assets, if applicable, but not greater than 31a	31b		
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment	605157829	117086486	
b Waiver amortization installment			
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		
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)...	34	151048033	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....			
36 Additional cash requirement (line 34 minus line 35)	36	151048033	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	151052612	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	4579	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	0	
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years.....	40	0	

Part IX Pension funding relief under Pension Relief Act of 2010 (see instructions)

41 If a shortfall amortization base is being amortized pursuant to an alternative amortization schedule:			
a Schedule elected	☐ 2 plus 7 years ☐ 15 years		
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011		
42 Amount of acceleration adjustment	42		
43 Excess installment acceleration amount to be carried over to future plan years	43		

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
		2011
		This Form is Open to Public Inspection.

For calendar plan year 2011 or fiscal plan year beginning 10/01/2011 and ending 09/30/2012

A Name of plan <u>ASHLAND HERCULES PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</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 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

AURELIUS CAPITAL MANAGEMENT LP 535 MADISON AVE
22ND FLOOR
NEW YORK, NY 10022

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

BASSO CAPITAL MANAGEMENT LP

20-0406508

(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

BREVAN HOWARD CAPITAL MANAGEMENT LP 4TH FLOOR ONE ESPLANADE
ST HELIER JERSEY, CHANNEL ISLANDS JE2 3QA 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

BROOKSIDE CAPITAL LLC

04-3517074

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

COLUMBIA MGMT INVEST ADVISERS LLC

41-1533211

(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

DAVIDSON KEMPNER MGMT LLC

13-4021240

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

ERIM LLP

9 CLOAK LANE 5TH FLOOR
LONDON ECR4 2RU UK

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

ETON PARK ASSOCIATES LP

04-3796209

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

ETON PARK CAPITAL MGMT LP

11-3719116

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

FIR TREE LLC

20-2556936

(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

GRAMERCY FUNDS MANAGEMENT

20-0859356

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

HEALTHCOR MANAGEMENT LP

20-2893581

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

HELIOS ADVISORS LLC

46-0491123

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

HIGHBRIDGE CAPITAL MGMT LLC

20-1901985

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

INDUS CAPITAL PARTNERS LLC

888 SEVENTH AVENUE
26TH FLOOR
NEW YORK, NY 10019

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

IVORY INVESTMENT MGMT LP

51-0446153

(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

MARSHALL WACE NORTH AMERICA LP

47-0943020

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

MASON CAPITAL MGMT LLC

13-4121993

(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

OWL CREEK ASSET MGMT LP

13-4177075

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

OZ MANAGEMENT LP

13-3980578

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

PARTNER FUND MANAGEMENT LP

26-2000428

(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

SAMLYN CAPITAL LLC

20-5854094

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

SILVER CREEK CAPITAL MGMT LLC

91-1997788

(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

TACONIC CAPITAL ADVISORS LP

20-5826144

(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

WOODBINE CAPITAL ADVISORS LP

80-0185046

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

WOODBINE CAPITAL LLC

80-0185027

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

MARSHALL WACE LLP

98-0430284

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)

ACS HR SOLUTIONS

20-2185976

(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?
65	SERVICE PROVIDER	133603	Yes ☐ No ☒	Yes ☐ No ☒	0	Yes ☐ No ☒

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

ALBOURNE AMERICA LLC

91-2164625

(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?
70	CONSULTANT	449791	Yes ☐ No ☒	Yes ☐ No ☒	0	Yes ☐ No ☒

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

ASHLAND INC

20-0865835

(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?
65	SERVICE PROVIDER	163348	Yes ☐ No ☒	Yes ☐ No ☒	0	Yes ☐ No ☒

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)

BLACKROCK INTERNATIONAL LIMITED

06-1543710

(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 50 51	INVESTMENT MANAGER	248482	Yes ☐ No ☒	Yes ☐ No ☒	0	Yes ☐ No ☒

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

BLOOMBERG FINANCE LP

06-1818168

(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?
65	SERVICE PROVIDER	52776	Yes ☐ No ☒	Yes ☐ No ☒	0	Yes ☐ No ☒

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

BLUE & CO LLC

35-1178661

(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?
10	AUDITOR	27435	Yes ☐ No ☒	Yes ☐ No ☒	0	Yes ☐ No ☒

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)

BNY MELLON

25-6078093

(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 MANAGER	323987	Yes ☐ No ☒	Yes ☐ No ☒	0	Yes ☐ No ☒

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

JOHNSON INVESTMENT COUNSEL

31-1801770

(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 MANAGER	365766	Yes ☐ No ☒	Yes ☐ No ☒	0	Yes ☐ No ☒

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

MERCER US INC

13-2834414

(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?
11	ACTUARY	205929	Yes ☐ No ☒	Yes ☐ No ☒	0	Yes ☐ No ☒

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)

NISA INVESTMENT ADVISORS LLC

48-1140940

(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 MANAGER	457477	Yes ☐ No ☒	Yes ☐ No ☒	0	Yes ☐ No ☒

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

PACIFIC INVEST MGMT CO LLC

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 MANAGER	977436	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☒

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

PORTFOLIO ADVISORS LLC

06-1487853

(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 MANAGER	173633	Yes ☐ No ☒	Yes ☐ No ☒	0	Yes ☐ No ☒

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)

STANDISH MELLON ASSET MGMT

(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 MANAGER	622023	Yes ☐ No ☒	Yes ☐ No ☒	0	Yes ☐ No ☒

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

THE BANK OF NEW YORK MELLON

13-5160382

(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?
18 99	CUSTODIAN	823167	Yes ☐ No ☒	Yes ☐ No ☒	0	Yes ☐ No ☒

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

WESTERN ASSET MGMT CO

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 MANAGER	298429	Yes ☐ No ☒	Yes ☐ No ☒	0	Yes ☐ No ☒

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)

XEROX CORP

16-0468020

(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?
65	SERVICE PROVIDER	46463	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 ☐

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

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:

SCHEDULE D (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small>	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 <div style="text-align: center; font-size: 1.2em; font-weight: bold;">2011</div> This Form is Open to Public Inspection.
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For calendar plan year 2011 or fiscal plan year beginning 10/01/2011 and ending 09/30/2012

A Name of plan <u>ASHLAND HERCULES PENSION PLAN</u>	B Three-digit plan number (PN) ►	<u>001</u>
C Plan or DFE 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	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: DB MASTER PENSION TRUST

b Name of sponsor of entity listed in (a): ASHLAND INC

c EIN-PN <u>20-0865835-103</u>	d Entity code <u>M</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>2625539159</u>
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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)
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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)
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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)
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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)
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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)
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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)
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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
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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 2011 This Form is Open to Public Inspection
For calendar plan year 2011 or fiscal plan year beginning <u>10/01/2011</u> and ending <u>09/30/2012</u>		
A Name of plan <u>ASHLAND HERCULES PENSION PLAN</u>	B Three-digit plan number (PN) ►	<u>001</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	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		
b	Receivables (less allowance for doubtful accounts):			
	(1) Employer contributions	1b(1)		
	(2) Participant contributions	1b(2)	40800000	77307797
	(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)	2404019918	2625539159
	(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	2444819918	2702846956

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	2444819918	2702846956
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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) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	158939561	
(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)		158939561
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)		286140075
(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		445079636

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	184122205	
(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)		184122205
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)	27435	
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	6799440	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		6826875
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		190949080

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		254130556
l Transfers of assets:			
(1) To this plan.....	2l(1)		3896482
(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.		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 Hercules Pension Plan

Financial Statements

*Years ended September 30, 2012 and 2011
with Report of Independent Auditors*

Ashland Hercules Pension Plan

Financial Statements

Years ended September 30, 2012 and 2011

Contents

Report of Independent Auditors	2
--------------------------------------	---

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

Supplemental Schedules*

- * Supplemental 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.



Blue & Co., LLC / 250 West Main Street, Suite 2900 / Lexington, KY 40507
main 859.253.1100 fax 859.253.1384 email blue@blueandco.com

REPORT OF INDEPENDENT AUDITORS

To the Plan Administrator
Ashland Hercules Pension Plan

We were engaged to audit the accompanying financial statements of the Ashland Hercules Pension Plan (the Plan) as of September 30, 2012 and 2011, and for the years ended September 30, 2012 and 2011 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 information summarized in Note 3, which was certified by The Bank of New York Mellon, the trustee of the Plan, except for comparing such 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, 2012 and 2011, 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 Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Blue & Co., LLC

July 11, 2013

Ashland Hercules Pension Plan

Statements of Net Assets Available for Benefits

(in thousands)	September 30	
	2012	2011
Assets		
Investments, at fair value:		
Participating units in the Ashland Inc. Pension Trust	\$ 2,625,539	\$ 2,404,020
Contributions receivable	77,307	40,800
Net assets available for benefits	\$ 2,702,846	\$ 2,444,820

See accompanying notes to financial statements.

Ashland Hercules Pension Plan

Statements of Changes in Net Assets Available for Benefits

(in thousands)	Years Ended September 30	
	2012	2011
Additions:		
Plan interest in the Ashland Inc. Pension Trust investment income	\$ 286,140	\$ 112,616
Employer contributions	158,939	40,800
Total additions	445,079	153,416
Deductions:		
Benefits paid to participants	184,122	177,413
Administrative and other investment expenses	6,827	3,624
Total deductions	190,949	181,037
Transfers:		
From Ashland Inc. Leveraged Employee Stock Ownership Plan	3,896	5,778
Net change in assets	258,026	(21,843)
Net assets available for benefits, beginning of year	2,444,820	2,466,663
Net assets available for benefits, end of year	\$ 2,702,846	\$ 2,444,820

See accompanying notes to financial statements.

Ashland Hercules Pension Plan

Notes to Financial Statements

September 30, 2012 and 2011

1. Description of Plan

The following brief description of the Ashland Hercules Pension Plan (the Plan) is provided for general information purposes only. The information in this Note is not a Summary Plan Description or Plan document, as these terms are defined under the Employee Retirement Income Security Act of 1974 (ERISA). Instead, this information merely summarizes selected aspects of the Plan. Read the Summary Plan Description or the Plan document for more information about the Plan. The Plan document controls the terms of the Plan and supersedes any inconsistencies contained herein or in the Summary Plan Description. Ashland Inc. (Ashland or the Company), as Plan Administrator, retains all rights to determine, interpret and apply the Plan's terms to factual matters and matters of law. This retained discretionary authority is more particularly described in the Summary Plan Description and in the Plan document.

General

The Plan is a non-contributory defined benefit pension plan covering most U.S. employees of Ashland. 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.

Effective January 1, 2011, the Plan was amended affecting Non-Grandfathered employees who participated in the Plan's Retirement Growth Account. A Non-Grandfathered employee is defined as an employee who was hired on or after July 1, 1993. Beginning January 1, 2011, Non-Grandfathered employees will no longer receive contribution and transition credits in their Retirement Growth Accounts. However, they will continue to receive interest credits as long as they have a Retirement Growth Account in the Plan. Starting January 1, 2011, eligible Non-Grandfathered employees will begin earning new company base and transition contributions in the Ashland Inc. Employee Savings Plan. The actuarial present value of accumulated plan benefits at October 1, 2011 reflects the effect of this plan amendment.

In July 2010, Ashland and Süd-Chemie AG (Süd-Chemie) signed an agreement for the formation of an expanded global joint venture serving the foundry chemical sector. The transaction closed on November 30, 2010 and combined three businesses: (i) Ashland's Casting Solutions business group, (ii) Süd-Chemie's Foundry-Products and Specialty Resins business unit, and (iii) Ashland-Südchemie-Kernfest GmbH (ASK), the then existing 50% owned European-based joint venture between Ashland and Süd-Chemie. On March 31, 2011, Ashland completed the sale to Nexeo Solutions, LLC (formerly known as TPG Accolade, LLC (Nexeo)) of substantially all of the assets and certain liabilities of its global distribution business which previously comprised the Ashland Distribution (Distribution) segment. As a result of these transactions, the Company has determined that the loss of active Plan participants caused the Plan to experience a partial termination. All active and affected Plan participants were appropriately vested in their accrued benefits in accordance with Section 411(d) of the Internal Revenue Code.

Pension Benefits

The following schedules and descriptions pertain to the Plan document:

Schedule A

Represents wage employees with five or more years of service that are fully vested and entitled to monthly pension benefits beginning at normal retirement age (65) equal to 1.15% of their average monthly earnings for the highest five consecutive calendar years during the last ten calendar years of service (limited to the average Social Security earnings base) multiplied by the years and months of credited service. For earnings

Ashland Hercules Pension Plan

Notes to Financial Statements (continued)

1. Description of Plan (continued)

Pension Benefits (continued)

Schedule A (continued)

in excess of the average Social Security earnings base, the multiplication factor increases from 1.15% to 1.35%, but the earnings will not exceed the maximum limits under section 401(a)(17) of the Internal Revenue Code (the IRC).

The Plan permits a participant to elect unreduced early retirement at ages 55 through 64 if the participant meets the minimum years of credited service requirements as detailed in the Plan agreement. A participant who reaches age 50 and has at least 10 years of credited service may elect reduced early retirement benefits. The amount of the reduced benefit will be computed in the same manner as a normal retirement pension except that it will be actuarially reduced for each month from the date of early retirement to the month of eligibility for unreduced early retirement.

Schedule B

Generally, salaried, non-represented wage, and certain represented wage employees who participate in accordance with collective bargaining agreements, who were employed by the Company as of December 31, 2004, with five or more years of service are fully vested and entitled to monthly pension benefits beginning at normal retirement age (65) equal to 1.2% of their average monthly earnings (limited to the Social Security integration point, which is one-half of the Social Security tax base divided by twelve) for the highest five consecutive years during the last ten years of service multiplied by the years and months of credited service. For earnings in excess of the Social Security integration point, the multiplication factor increases from 1.2% to 1.6%, but the earnings will not exceed the maximum limits under section 401(a)(17) of the IRC. The Plan permits a participant to elect unreduced early retirement at age 60 if the participant meets a minimum of ten years of credited service. A participant who reaches age 55 and has at least ten years of credited service may elect reduced early retirement benefits. The amount of the reduced benefit will be computed as follows: the reduction percentage is based on years of service formula limited to a maximum of .417% per month. In 2005, this Plan was amended to provide for future accruals based on career average earnings (see Schedule D below).

Schedule C

On January 1, 1999, former employees of BetzDearborn Inc. became participants (BetzDearborn Participants) in the Plan. Generally, former BetzDearborn salaried and wage employees with five or more years of service are fully vested and entitled to minimum monthly pension benefits based on their accrued service beginning at normal retirement age (65) equal to the "Basic Benefit" plus the "Excess Benefit," reduced by any "W. R. Grace Benefit," as follows:

Basic Benefit: 1.2% of final average compensation (the average of the highest consecutive three years' compensation up to the maximum limits under section 401(a)(17) multiplied by years of service up to a maximum of 35 years).

Excess Benefit: 0.6% of final average compensation in excess of covered compensation, multiplied by years of service up to a maximum of 35 years.

W. R. Grace Benefit: the vested accrued pension benefit earned as an employee of the Dearborn division of W. R. Grace & Co.

Ashland Hercules Pension Plan

Notes to Financial Statements (continued)

1. Description of Plan (continued)

Pension Benefits (continued)

Schedule C (continued)

The Plan permits a BetzDearborn participant to elect reduced early retirement benefits at the age of 55 if the participant meets a minimum of ten years of service. The amount of the reduced benefit will be computed in the same manner as a normal retirement pension except that it will be reduced 1/180 for each of the first 60 months and 1/300 for each of the next 60 months the early retirement date (commencement) precedes the normal retirement date. If a participant elects the reduced early retirement benefit and his age plus service equals at least 85 years, then the amount of the reduced benefit will be computed in the same manner as a normal retirement pension except that the basic benefit will be unreduced for each of the first 60 months and reduced 1/240 for each month commencement precedes 60 months. The excess benefit will be reduced 1/180 for each of the first 60 months and 1/300 for each of the next 60 months commencement precedes normal retirement date. In 2005, this Plan was amended to provide for future accruals based on career average earnings (see Schedule D below).

Schedule D

Generally, certain represented wage employees who participate in accordance with collective bargaining agreements, who were employed by the Company as of December 31, 2004, with five or more years of service are fully vested and entitled to monthly pension benefits beginning at normal retirement age (65) equal to 1.2% of their average monthly earnings (limited to the Social Security integration point, which is one-half of the Social Security tax base divided by twelve) for their final average earnings multiplied by the years and months of credited service. For earnings in excess of the Social Security integration point, the multiplication factor increases from 1.2% to 1.6%, but the earnings will not exceed the maximum limits under section 401(a)(17) of the IRC. Final average earnings is the highest consecutive number of years of earnings determined by the sum of (1) the period from January 1, 2005 until termination and (2) five years or three years depending on previous participation in Schedule B or C, respectively. The Plan permits a participant to elect unreduced early retirement at age 60 if the participant meets a minimum of ten years of credited service. A participant who reaches age 55 and has at least ten years of credited service may elect reduced early retirement benefits. The amount of the reduced benefit will be computed as follows: the reduction percentage is based on years of service formula limited to a maximum of .417% per month.

Schedule E

Generally, salaried, non-represented wage, and certain represented wage employees who participate in accordance with collective bargaining agreements, who were employed by the Company as of December 31, 2004, with five or more years of service are fully vested and entitled to monthly pension benefits beginning at normal retirement age (65) equal to 1.2% of their average monthly earnings (limited to the Social Security integration point, which is one-half of the Social Security tax base divided by twelve) for their final average earnings multiplied by the years and months of credited service. For earnings in excess of the Social Security integration point, the multiplication factor increases from 1.2% to 1.6%, but the earnings will not exceed the maximum limits under section 401(a)(17) of the IRC. Final average earnings is the highest consecutive number of years of earnings determined by the sum of (1) the period from January 1, 2005 until termination and (2) five years or three years depending on previous participation in Schedule B or C, respectively. The Plan permits a participant to elect unreduced early retirement at age 60 if the participant meets a minimum of ten years of credited service. A participant who reaches age 55 and has at least ten years of credited service may elect reduced early retirement benefits.

Ashland Hercules Pension Plan

Notes to Financial Statements (continued)

1. Description of Plan (continued)

Pension Benefits (continued)

AIA Plan

The Ashland Inc. & Affiliates Pension Plan (AIA Plan) is a non-contributory defined benefit pension plan established as of October 1, 1986, to provide defined pension benefits on and after that date to eligible employees (or their beneficiaries) of the Company and various subsidiaries meeting certain age and employment requirements. Benefits earned by those employees through September 30, 1986, under previous plans were covered through the purchase of nonparticipating annuities.

Effective July 1, 2003, the AIA Plan was amended and restated. The amendment and restatement changed the benefit formula for participants that were employees with less than 10 years of service on June 30, 2003. The new formula also applied to new hires who became eligible for the AIA Plan after June 30, 2003. Participants who terminated before June 30, 2003 and who were rehired after that date and again participated in the AIA Plan had their benefits accrued from the time they again actively participated in the Plan calculated under the new formula. The new formula is a cash balance plan design referred to as the Retirement Growth Account.

Participants in the Retirement Growth Account formula receive contribution credits as a percentage of base pay. Interest credits are allocated to each Retirement Growth Account. Participants who have both a benefit in the Ashland Inc. Leveraged Employee Stock Ownership Plan (LESOP) and in the Retirement Growth Account have their Retirement Growth Accounts reduced by one-half of the value in their LESOP accounts, unless they elect to transfer one-half of their LESOP accounts to the Plan.

Benefits under the AIA Plan that are not under the Retirement Growth Account formula are based on an employee's years of service and compensation for periods up to ten years before retirement. For certain covered employees, such benefits are expected to come in part from one-half of their accounts in the LESOP.

The AIA Plan provided for 100% vesting after an employee satisfied the early retirement requirements or completed five years of service, including service through September 30, 1986, under the previous plans. The Plan has been amended effective September 30, 2008, so that employees with at least 1 hour of service after September 30, 2008 must complete at least three years of continuous service under the Plan in order to have a non-forfeitable benefit.

Death Benefits

Upon completing age and service requirements for pension eligibility, a participant may make an election to provide a pension benefit for a designated beneficiary in the event the participant dies prior to retirement. The beneficiary's benefit shall be computed based on the participant's service and earnings accrued to the date of death and then reduced in accordance with the Plan provisions based on the payment option elected. Other death benefits are described in the Plan document.

Fees

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.

Ashland Hercules Pension Plan

Notes to Financial Statements (continued)

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. The Bank of New York Mellon (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.

Valuation of Investments

The Plan's investment in the Trust is reported at fair value. 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 securities, government agency obligations (U.S. government, foreign government, and municipal bonds), debt instruments, corporate stocks, private equity and hedge funds, common/collective trusts, and insurance contracts. See Note 4 for a discussion of fair value measurements within the Trust.

Purchases and sales of securities are reflected on a trade date basis. Gains or losses on sales of securities are based on average cost. Dividend income is recorded on the ex-dividend date. Income from other investments is recorded as earned on an accrual basis. The Plan presents in the Statements of Changes in Net Assets Available for Benefits the Plan's interest in the Ashland Inc. Pension Trust investment income.

Actuarial Present Value of 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	4.70% per year, compounded annually (5.07% in 2011)
Long-term rate of return on plan assets for Accounting Standards Codification (ASC) 715	8.25% per year, compounded annually (8.25% in 2011)
Mortality	2011 PPA separate static annuitant and non-annuitant mortality tables (2010 PPA separate static annuitant and non-annuitant mortality tables in 2011)
Inflation	2.75% per year increase in IRC Section 415 and 401(a)(17) limitations (2.75% per year increase in 2011)

Ashland Hercules Pension Plan 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 financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein, disclosure of contingent assets and liabilities, and the actuarial present value of accumulated plan benefits at the date of the financial statements. 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 11, 2013, which is the date the financial statements were available to be issued.

Reclassifications

Certain prior period data has been reclassified to conform to the current period presentation.

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, The Bank of New York Mellon, 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, 2012 and 2011, the related investment activity reflected in the Statements of Changes in Net Assets Available for Benefits for the years ended September 30, 2012 and 2011, respectively.

At September 30, 2012 and 2011, the Plan's interest in the net assets of the Trust was approximately 99.2% and 99.3%, respectively. As the Plan's only investment, the Plan's interest in the net assets of the Trust represents more than 5% of the Plan's net assets at September 30, 2012 and 2011. The following table presents the assets including investments and liabilities of the Trust at September 30:

Ashland Hercules Pension Plan
Notes to Financial Statements (continued)

3. Investments (continued)

(in thousands)	September 30	
	2012	2011
Investments at fair value as determined by quoted market prices		
Cash and cash equivalents	\$ 106,316	\$ 103,196
Government securities and obligations	169,741	135,617
Debt instruments	850,607	665,000
Corporate stocks	168,812	129
Common/collective trusts	-	4,147
	<u>1,295,476</u>	<u>908,089</u>
Investments at estimated fair value		
Government securities and obligations	133,855	230,913
Debt instruments	114,306	105,568
Corporate stocks	19	-
Private equity and hedge funds	1,076,562	1,024,257
Common/collective trusts	-	124,659
Insurance contracts	483	580
Other	44,591	48,048
	<u>1,369,816</u>	<u>1,534,025</u>
Total investments	<u>2,665,292</u>	<u>2,442,114</u>
Receivables	<u>193,852</u>	<u>202,823</u>
Total assets	<u>2,859,144</u>	<u>2,644,937</u>
Payables	<u>(212,738)</u>	<u>(222,903)</u>
Net assets	<u>\$ 2,646,406</u>	<u>\$ 2,422,034</u>

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:

Ashland Hercules Pension Plan
Notes to Financial Statements (continued)

3. Investments (continued)

(in thousands)	Years Ended September 30	
	2012	2011
Net appreciation (depreciation) in fair value of investments:		
Cash and cash equivalents	\$ 88	\$ 223
Government securities and obligations	15,941	32,177
Debt instruments	141,026	5,906
Corporate stocks	(10,901)	(106)
Private equity and hedge funds	62,065	21,671
Common/collective trusts	16,759	(12,443)
Other investments	(3,456)	(2,575)
	<u>221,522</u>	<u>44,853</u>
Investment income (loss):		
Interest	68,475	76,782
Dividends	3,996	2
Other	(17)	(1,788)
	<u>(17)</u>	<u>(1,788)</u>
Total**	<u><u>\$ 293,976</u></u>	<u><u>\$ 119,849</u></u>

** The above total excludes investment related expenses of \$5,575 thousand and \$6,416 thousand for the years ended September 30, 2012 and 2011, respectively.

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.

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 nonperformance by the counterparties to the futures and options contracts. The Trust does not anticipate nonperformance by the counterparties and generally does not require counterparty collateral.

Ashland Hercules Pension Plan

Notes to Financial Statements (continued)

3. Investments (continued)

The fair value of these derivative contracts and related appreciation (depreciation), as noted below, are included in Government securities and obligations or Debt instruments in the tables above. The following table presents a summary of the open derivative contracts as of September 30:

	2012		2011	
	Contracts	Fair Value (in thousands)	Contracts	Fair Value (in thousands)
Derivative assets				
Government securities and obligations:				
U.S. Treasury futures	3	\$ 60	1	\$ 2,020
Debt instruments:				
Eurodollar futures	-	-	2	242
International bond futures	-	-	1	13
Interest rate swaps	6	198	26	351
Credit default swaps	27	2,172	37	654
Derivative liabilities				
Government securities and obligations:				
U.S. Treasury futures obligations	8	\$ (475)	4	\$ (211)
Debt instruments:				
S&P 500 Index futures obligations	1	(3,971)	1	(3,998)
Interest rate swaps obligations	8	(1,050)	18	(13)
Credit default swaps obligations	11	(3,659)	15	(4,325)

For the years ended September 30, 2012 and 2011, the Trust realized a net trading loss on futures, options and swap contracts of approximately \$58.2 million and \$6.1 million, respectively. Gains and losses (realized and unrealized) are included in Statements of Changes in Net Assets Available for Benefits reported as investment income from the Trust.

4. Fair Value

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). An instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the instrument's fair value measurement. The three levels within the fair value hierarchy are described as follows:

Level 1 – Observable inputs such as unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs, other than quoted prices included in Level 1, which are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Ashland Hercules Pension Plan

Notes to Financial Statements (continued)

4. Fair Value (continued)

Level 3 – Unobservable inputs for the asset or liability for which there is little, if any, market activity at the measurement date.

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:

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

Government securities and obligations, debt instruments and corporate stocks – U.S. Treasury, U.S. Government securities, certain debt instruments, and corporate stocks are valued based on quoted market prices that are readily and regularly available and are classified within 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. Certain investments have values that are determined using the net asset value per share or equivalent and are classified within Level 3 of the fair value hierarchy.

Private equity and hedge funds – The fair value of the investments in this class have been estimated using the net asset value per share or its equivalent of the investments.

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.

Insurance contracts and other investments – 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 investments have values that are determined using the discounted cash flows method and are classified within Level 3 of the fair value hierarchy.

As of September 30, 2012 and 2011, the Plan held no investments outside its interest in the Trust.

Ashland Hercules Pension Plan

Notes to Financial Statements (continued)

4. Fair Value (continued)

The following table sets forth by level, within the fair value hierarchy, the Master Trust's investments at fair value as of September 30, 2012:

(in thousands)	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	\$ 106,316	\$ -	\$ -	\$ 106,316
Government securities and obligations:				
U.S. Treasury Bonds	137,415	-	-	137,415
U.S. government agencies	-	36,897	-	36,897
Local government obligations	-	94,656	-	94,656
Foreign government agency obligations	20,638	-	-	20,638
Other U.S. obligations (1)	12,163	2,302	-	14,465
Debt instruments:				
Corporate debt securities:				
Banking and finance	178,020	1,752	-	179,772
Consumer markets	142,602	-	-	142,602
Insurance	42,894	-	-	42,894
News / media	60,278	-	-	60,278
Private corporations	1,809	101,165	-	102,974
Utilities	279,048	764	-	279,812
Non-U.S. securities	8,695	4,261	-	12,956
Other	140,405	5,437	-	145,842
Other debt securities (2)	827	5,636	-	6,463
Corporate stock				
U.S. Corporate stock	16,953	-	-	16,953
Non-U.S. Corporate stock	151,859	-	19	151,878
Private equity and hedge funds:				
Directional hedge funds	-	-	235,929	235,929
Long/Short hedge funds	-	-	323,000	323,000
Relative Value hedge funds	-	-	195,208	195,208
Event Driven hedge funds	-	-	285,331	285,331
Private equity	-	-	37,094	37,094
Insurance contracts	-	483	-	483
Other	-	-	44,591	44,591
Total assets	<u>1,299,922</u>	<u>253,353</u>	<u>1,121,172</u>	<u>2,674,447</u>
Liabilities				
Government securities and obligations:				
Other U.S. obligations (1)	(475)	-	-	(475)
Debt instruments:				
Other debt securities (2)	(3,971)	(4,709)	-	(8,680)
Total liabilities	<u>(4,446)</u>	<u>(4,709)</u>	<u>-</u>	<u>(9,155)</u>
Total net investments	<u>\$ 1,295,476</u>	<u>\$ 248,644</u>	<u>\$ 1,121,172</u>	<u>\$ 2,665,292</u>

(1) Includes futures contracts.

(2) Includes futures and swap contracts.

Ashland Hercules Pension Plan

Notes to Financial Statements (continued)

4. Fair Value (continued)

The following table sets forth by level, within the fair value hierarchy, the Master Trust's investments at fair value as of September 30, 2011:

(in thousands)	<u>Level 1 (3)</u>	<u>Level 2 (3)</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 103,196	\$ -	\$ -	\$ 103,196
Government securities and obligations:				
U.S. Treasury Bonds	101,109	-	-	101,109
U.S. government agencies	1,027	40,306	-	41,333
Local government obligations	-	173,295	-	173,295
Foreign government agency obligations	31,672	1,790	-	33,462
Other U.S. obligations (1)	2,020	15,522	-	17,542
Debt instruments:				
Corporate debt securities:				
Banking and finance	144,432	7,078	-	151,510
Consumer markets	110,781	758	-	111,539
Insurance	33,132	3,894	-	37,026
News / media	43,813	-	-	43,813
Private corporations	-	79,301	-	79,301
Utilities	206,340	2,495	-	208,835
Non-U.S. securities	29,675	11,825	-	41,500
Other	100,583	1,073	-	101,656
Other debt securities (2)	243	3,483	-	3,726
Corporate stock	129	-	-	129
Private equity and hedge funds:				
Directional hedge funds	-	-	171,346	171,346
Long/Short hedge funds	-	-	306,469	306,469
Relative Value hedge funds	-	-	201,577	201,577
Event Driven hedge funds	-	-	251,417	251,417
Private equity	-	-	93,448	93,448
Common/collective trusts	4,147	124,659	-	128,806
Insurance contracts	-	580	-	580
Other	-	-	48,048	48,048
Total assets	<u>912,299</u>	<u>466,059</u>	<u>1,072,305</u>	<u>2,450,663</u>
Liabilities				
Government securities and obligations:				
Other U.S. obligations (1)	(211)	-	-	(211)
Debt instruments:				
Other debt securities (2)	(3,999)	(4,339)	-	(8,338)
Total liabilities	<u>(4,210)</u>	<u>(4,339)</u>	<u>-</u>	<u>(8,549)</u>
Total net investments	<u>\$ 908,089</u>	<u>\$ 461,720</u>	<u>\$ 1,072,305</u>	<u>\$ 2,442,114</u>

(1) Includes futures contracts.

(2) Includes futures, forward, option and swap contracts.

(3) The levels for certain investment assets have been reclassified based on additional information which became available in the current year regarding the valuations of these investments. As a result, \$329,856 of investments previously classified as Level 1 have been reclassified as Level 2 to conform with the current period presentation.

Ashland Hercules Pension Plan
Notes to Financial Statements (continued)

4. Fair Value (continued)

Changes in the fair value of the Trust's Level 3 investments during the year ended September 30, 2012 were as follows:

	Level 3 Assets		
	Private equity and hedge	Other investments	Total
(in thousands)			
Balance, beginning of period	\$ 1,024,257	\$ 48,048	\$ 1,072,305
Purchases	141,434	18	141,452
Sales	(151,440)	-	(151,440)
Realized gains	1,877	-	1,877
Change in unrealized gains (losses)	60,434	(3,456)	56,978
Balance, end of period	<u>\$ 1,076,562</u>	<u>\$ 44,610</u>	<u>\$ 1,121,172</u>

Changes in the fair value of the Trust's Level 3 investments during the year ended September 30, 2011 were as follows:

	Level 3 Assets			Total
	Private equity and hedge	Common/ collective trusts	Other investments	
(in thousands)				
Balance, beginning of period	\$ 1,085,228	\$ 162,683	\$ 50,605	\$ 1,298,516
Purchases	141,013	-	-	141,013
Sales	(224,271)	(20,000)	-	(244,271)
Realized gains	10,791	2,589	-	13,380
Change in unrealized gains (losses)	11,496	(16,466)	(2,557)	(7,527)
Transfers to Level 2	-	(124,659)	-	(124,659)
Transfers to Level 1	-	(4,147)	-	(4,147)
Balance, end of period	<u>\$ 1,024,257</u>	<u>\$ -</u>	<u>\$ 48,048</u>	<u>\$ 1,072,305</u>

Transfers from Level 3 to Level 2 and Level 1 were made in 2011 because the current year fair values presented above have been determined based on the disaggregated underlying investment assets within the Common/collective trusts.

Ashland Hercules Pension Plan
Notes to Financial Statements (continued)

4. Fair Value (continued)

The following table summarizes the fair value, unfunded commitments and other provisions related to the private equity and hedge funds held by the Master Trust as of September 30, 2012:

(in thousands)	Fair Value	Contracts	Redemption Frequency (if currently eligible)	Redemption Notice Period
Directional hedge funds	\$ 56,263	\$ -	Daily	2 days
	94,135	-	Monthly	5 days
	67,209	-	Monthly	30-90 days
	18,322	-	None (a)	
Long/Short hedge funds	42,691	-	Monthly	30 days
	134,419	-	Quarterly	45-90 days
	18,738	-	Semi-annually	45 days
	70,428	-	Annually	30-90 days
	56,724	-	None (a)	
Relative Value hedge funds	105,910	-	Quarterly	45-90 days
	89,298	-	Annually	30-90 days
Event Driven hedge funds	170,533	-	Quarterly	45-90 days
	40,641	-	Semi-annually	60-90 days
	64,526	-	Annually	45-90 days
	9,631	-	None (a)	
Private equity	37,094	5,950	None (b)	
	<u>\$ 1,076,562</u>	<u>\$ 5,950</u>		

(a) The underlying investments in these hedge funds are in the process of liquidation.

(b) It is estimated that the underlying investments in these private equity instruments will be liquidated over the next 1 to 5 years.

Ashland Hercules Pension Plan

Notes to Financial Statements (continued)

4. Fair Value (continued)

The following table summarizes the fair value, unfunded commitments and other provisions related to the private equity and hedge funds held by the Master Trust as of September 30, 2011:

(in thousands)	Fair Value	Contracts	Redemption Frequency (if currently eligible)	Redemption Notice Period
Directional hedge funds	\$ 50,017	\$ -	Daily	2 days
	33,943	-	Monthly	5 days
	67,975	-	Monthly	30-90 days
	19,411	-	Quarterly	45-90 days
Long/Short hedge funds	16,568	-	Monthly	30 days
	27,612	-	Monthly	30-90 days
	187,941	-	Quarterly	45-90 days
	16,736	-	Semi-annually	45 days
	57,612	-	Annually	30-90 days
Relative Value hedge funds	19,870	-	Monthly	30-90 days
	97,786	-	Quarterly	45-90 days
	83,921	-	Annually	30-90 days
Event Driven hedge funds	131,061	-	Quarterly	45-90 days
	39,688	-	Semi-annually	60-90 days
	64,723	-	Annually	45-90 days
	15,945	-	None (a)	
Private equity	93,448	5,950	None (b)	
	<u>\$ 1,024,257</u>	<u>\$ 5,950</u>		

(a) It is estimated that the underlying investments in these Event Driven hedge funds will be liquidated over the next 1 to 2 years.

(b) It is estimated that the underlying investments in 56% of the Private equity instruments will be liquidated over the next year. The underlying investments in the remaining Private equity instruments will be liquidated over the next 1 to 5 years.

In developing an investment strategy for the Plan, Ashland has considered the following factors: the nature of the Plan's liabilities, the allocation of liabilities between active, deferred, and retired members, the funded status of the Plan, the applicable investment horizon, the respective size of the Plan, and historical and expected capital market returns. The Plan's assets are managed by outside investment managers, which are monitored against investment return benchmarks and Ashland's established investment strategy. Investment managers are selected based on an analysis of, among other things, their investment process, historical investment results, frequency of management turnover, cost structure and assets under management. Assets are periodically reallocated between investment managers to maintain an appropriate asset mix, diversification of investments and to optimize returns.

Ashland Hercules Pension Plan

Notes to Financial Statements (continued)

4. Fair Value (continued)

Investment decisions and review of investment performance for the Plan are made by the Investment and Administrative Oversight Committee (IAOC), which includes members of Ashland senior management. The IAOC meets on a quarterly basis. The IAOC meets on a quarterly basis.

5. Actuarial Present Value of Accumulated Plan Benefits

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

(in thousands)	October 1	
	2011	2010
Vested benefits:		
Participants currently receiving benefits	\$ 1,795,706	\$ 1,697,229
Other participants	1,499,064	1,385,113
	<u>3,294,770</u>	<u>3,082,342</u>
Nonvested benefits	46,986	53,673
	<u>46,986</u>	<u>53,673</u>
Total actuarial present value of accumulated plan benefits	<u>\$ 3,341,756</u>	<u>\$ 3,136,015</u>

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

	(in thousands)
Actuarial present value of accumulated plan benefits at October 1, 2010	\$ 3,136,015
Increase (decrease) during the plan year attributable to:	
Benefits accumulated and (gains) losses	52,792
Interest due to decrease in discount period	154,498
Benefits paid	(177,413)
Change in actuarial assumptions	<u>175,864</u>
Actuarial present value of accumulated plan benefits at October 1, 2011	<u>\$ 3,341,756</u>

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.

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

Ashland Hercules Pension Plan

Notes to Financial Statements (continued)

6. Funding Policy and Plan Termination (continued)

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 (PBGC) (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 2012 and 2011 that ceiling was \$4,653 and \$4,500 per month, respectively. 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.

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 Plan

On April 28, 2012, the United States Treasury Department advised the Company that the Plan as amended through October 6, 2009, is tax exempt under 401(a) of the Internal Revenue Code (IRC). 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.

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 September 30, 2012 and 2011, 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 the plan years prior to 2009.

Ashland Hercules Pension Plan

Notes to Financial Statements (continued)

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 Statements 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 estimation 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, 2012 and 2011, the Trust had subscription agreements to invest in various private equity funds of \$35.0 million and \$72.5 million, respectively. Capital calls as of September 30, 2012 and 2011 totaled \$29.1 million and \$66.6 million, respectively. There were no capital calls during the years ended September 30, 2012 and 2011.

SCHEDULE SB (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <hr/> <small>Department of Labor Employee Benefits Security Administration</small> <hr/> <small>Pension Benefit Guaranty Corporation</small>	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 2011 This Form is Open to Public Inspection
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For calendar plan year 2011 or fiscal plan year beginning 10/01/2011 and ending 09/30/2012

► **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 The Ashland Hercules Pension Plan	B Three-digit plan number (PN) <u>001</u>
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	
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>2011</u>			
2 Assets:			
a Market value	2a	2,443,069,014	
b Actuarial value	2b	2,420,636,079	
3 Funding target/participant count breakdown:			
	(1) Number of participants	(2) Funding Target	
a For retired participants and beneficiaries receiving payment.....	3a	24,593	1,714,800,118
b For terminated vested participants.....	3b	25,168	757,897,575
c For active participants:			
(1) Non-vested benefits.....	3c(1)		41,652,239
(2) Vested benefits.....	3c(2)		511,443,976
(3) Total active.....	3c(3)	5,852	553,096,215
d Total.....	3d	55,613	3,025,793,908
4 If the plan is in at-risk status, check the box and complete lines (a) and (b)..... ☐			
a Funding target disregarding prescribed at-risk assumptions	4a		
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b		
5 Effective interest rate	5	5.57 %	
6 Target normal cost	6	33,961,547	

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	<div style="text-align: center;"> Signature of actuary </div>	<div style="text-align: center;"> <u>6/20/13</u> Date </div>
Gary D. Dickson Type or print name of actuary		11-03764 Most recent enrollment number
Mercer Firm name		(513) 632-2600 Telephone number (including area code)
525 Vine Street Suite 1600 Cincinnati OH 45202-3124 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) 2011
v.012611

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 (line 13 from prior year).....	204,438,294	0
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	108,842,352	0
9 Amount remaining (line 7 minus line 8).....	95,595,942	0
10 Interest on line 9 using prior year's actual return of <u>5.25</u> %.....	5,018,787	
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38 from prior year)		36,693,381
b Interest on (a) using prior year's effective rate of <u>6.42</u> % except as otherwise provided (see instructions).....		1,926,403
c Total available at beginning of current plan year to add to prefunding balance.....		38,619,784
d Portion of (c) to be added to prefunding balance.....		0
12 Other reductions in balances due to elections or deemed elections.....	100,614,729	0
13 Balance at beginning of current year (line 9 + line 10 + line 11d - line 12).....	0	0

Part III Funding percentages

14 Funding target attainment percentage	14	80.00 %
15 Adjusted funding target attainment percentage	15	80.00 %
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	87.54 %
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
01/13/2012	27,210,588				
04/13/2012	27,210,588				
07/13/2012	27,210,588				
10/15/2012	27,210,588				
01/15/2013	16,288,283				
06/14/2013	33,808,926				
Totals •			18(b)	158,939,561	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 contributions 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	151,052,612

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: 2.27 %	2nd segment: 5.43 %	3rd segment: 6.34 %
			☐ N/A, full yield curve used
b Applicable month (enter code).....			21b 4
22 Weighted average retirement age			22 62
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 contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29).....	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6).....	31a	33,961,547	
b Excess assets, if applicable, but not greater than 31a	31b		
32 Amortization installments:			
a Net shortfall amortization installment.....	Outstanding Balance	Installment	
	605,157,829	117,086,486	
b Waiver amortization installment.....			
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		
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33).....	34	151,048,033	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	0	0	0
36 Additional cash requirement (line 34 minus line 35)	36	151,048,033	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c).....	37	151,052,612	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	4,579	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	0	
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years.....	40	0	

Part IX Pension funding relief under Pension Relief Act of 2010 (see instructions)

41 If a shortfall amortization base is being amortized pursuant to an alternative amortization schedule:			
a Schedule elected	☐ 2 plus 7 years ☐ 15 years		
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008	☐ 2009	☐ 2010 ☐ 2011
42 Amount of acceleration adjustment	42		
43 Excess installment acceleration amount to be carried over to future plan years	43		

Schedule SB, Line 32 — Schedule of Amortization Bases

The total shortfall amortization charge is the sum of the individual shortfall amortization installment for each plan year covered under PPA. Although an individual shortfall amortization installment can be negative, the combined shortfall amortization charge cannot be less than \$0.

Charge	Amortization period		Balances		Beginning of year payment
	Date created	Years left	Initial	Outstanding	
Shortfall Loss	10/01/2008	4	\$ 148,323,025	\$ 95,977,151	\$ 24,808,118
Shortfall Loss	10/01/2009	5	225,970,167	178,391,691	37,297,731
Shortfall Loss	10/01/2010	6	119,414,214	109,920,104	19,803,319
Shortfall Loss	10/01/2011	7	220,868,883	220,868,883	35,177,318
Total				\$ 605,157,829	\$ 117,086,486

Schedule SB, Line 26 — Schedule of Active Participant Data**Hercules**

Attained age	Years of credited service										Total
	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & up	
Under 25											
25-29		6 *	8 *								14
30-34		6 *	27 85,161	4 *							37
35-39		12 *	24 76,888	40 81,912	9 *	1 *					86
40-44		6 *	20 93,099	47 79,726	33 90,404	17 90,835	4 *				127
45-49		5 *	22 91,989	53 94,522	25 96,806	59 99,883	29 97,986	3 *			196
50-54		4 *	10 *	27 108,148	30 101,616	68 88,757	87 110,419	75 90,109	8 *		309
55-59		3 *	8 *	19 *	17 *	37 83,745	45 114,194	72 95,030	88 88,383	3 *	292
60-64			3 *	14 *	2 *	11	23 90,777	29 104,813	35 83,939	25 76,389	142
65-69			1 *	1 *	1 *	1 *	1 *	1 *	3 *	5 *	14
70 & up										1 *	1
Total		42	123	205	117	194	189	180	134	34	1,218

In each cell, the top number is the count of active participants for each age/service combination. The bottom number is the average 2011 valuation pay limited to \$245,000. Average pay is not shown for cells with fewer than 20 participants.

Schedule SB, Line 26 — Schedule of Active Participant Data**Affiliates**

Attained age	Years of credited service										Total
	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & up	
Under 25		7 * *									7
25-29	3 * *	89 52,278 3,340	43 60,267 7,383	3 * *							138
30-34		85 54,650 3,439	105 65,868 11,158	66 64,483 18,821	19 * *						275
35-39	1 * *	46 65,554 4,979	109 76,278 14,394	142 55,238 26,967	142 46,184 33,571	11 * *					451
40-44	1 * *	53 65,804 5,959	83 80,477 19,307	155 58,568 30,570	196 57,273 42,563	156 62,825 42,937	19 * *				663
45-49	2 * *	73 76,883 7,385	64 77,482 20,573	115 63,567 38,456	156 53,638 50,168	247 66,233 19,329	164 71,986 19,626	24 52,575 22,606			845
50-54		39 74,123 8,334	63 83,964 26,211	86 66,911 54,630	143 54,660 66,383	160 68,265 39,195	188 70,164 38,078	230 66,076 22,750	27 61,233 35,306		936
55-59		26 79,035 10,388	29 74,831 25,231	62 57,822 64,444	93 48,624 98,170	128 60,820 26,210	90 68,561 26,392	207 72,742 33,362	166 74,116 29,894	20 58,575 0	821
60-64		10 * *	17 * *	40 58,751 89,222	65 47,561 114,817	76 55,389 26,821	44 58,315 14,878	75 64,565 7,527	60 78,612 81,811	39 63,980 0	426
65-69		1 * *	1 * *	9 * *	12 * *	7 * *	5 * *	10 * *	6 * *	5 * *	56
70 & up				3 * *	7 * *	3 * *		3 * *			16
Total	7	429	514	681	833	788	510	549	259	64	4,634

In each cell, the top number is the count of active participants for each age/service combination. The middle number is the average 2011 valuation pay limited to \$245,000 and the bottom number is the average 2011 cash balance. Average pay is not shown for cells with fewer than 20 participants.

Schedule SB, Part V — Statement of Actuarial Assumptions/Methods**Actuarial assumptions****Discount rate sponsor elections**

▪ Segment rates or full yield curve	Segment
▪ Look-back months	4
▪ First 5 years	2.27%
▪ Next 15 years	5.43%
▪ Over 20 years	6.34%

Mortality sponsor elections

▪ Healthy and disabled participants	Section 430(h)(3) prescribed separate static annuitant and nonannuitant mortality tables. These tables are based on the RP-2000 mortality tables projected with mortality improvement to the valuation year plus 7 and 15 years based on Scale AA.
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Other economic assumptions

▪ Salary increases	3.75% per year
▪ Social security wage base	3.25% per year
▪ Inflation	2.5% per year
▪ Expected investment return	7.75% per year for years 2009 through 2011
▪ Expenses	\$9,866,011 added to current year normal cost (prior year administrative expense)
▪ Cash Balance Interest Credit	5.00% compounded annually
▪ LESOP Stock Appreciation	6.15% increase from market price on valuation date compounded annually
▪ LESOP Share Price	Market price as of valuation date of \$44.14

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

Withdrawal - Affiliates

During first 5 years of service:

Years of Service at Beginning of Year	Turnover Rate
1	0.22
2	0.20
3	0.18
4	0.16

After five or more years of service:

Years of Service at Beginning of Year	Turnover Rate*
22	0.160
27	0.160
32	0.140
37	0.105
42	0.070
47	0.060
52	0.055
57	0.050
62	0.045

* Rates linearly interpolated between above ages.

Withdrawal - Hercules

Experience rates – sample rates as follows:

Age	Turnover Rate*
20	0.250
25	0.150
30	0.150
35	0.100
40	0.100
45	0.100
50	0.050
55	0.000
60	0.000

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

Disability incidence

None for Affiliates; experience rates for Hercules:

Age	Disability Rate
20	0.0012
30	0.0012
35	0.0013
40	0.0015
45	0.0020
50	0.0038
55	0.0068
60	0.0138

Retirement age – Affiliates

Age	Active on 6/30/03 with 10+ yrs of svc	Active on 6/30/03 under 10 yrs of svc	Hired or rehired after 6/30/03
55-61	0.10*	0.06	0.03
62	0.50	0.35	0.20
63-64	0.30	0.20	0.15
65+	1.00	1.00	1.00

**If meets rule of 80 prior to age 55 then 0.10 rate will be applied at each age up to age 55.*

Retirement age – Hercules

Age	Retirement rate
55	0.10
56	0.05
57	0.05
58	0.05
59	0.05
60	0.05
61	0.05
62	0.30
63	0.20
64	0.20
65	1.00

Benefit commencement age for current and future vested deferred

Affiliates: Age 65 except Tanner (age 62) and RGA participants (age 55)

Hercules: 65

Spouse assumptions

- Percentage married

Male participants

80%

Female participants

80% Affiliates

50% Hercules

- Spouse age difference

3 years younger

3 years older

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

Form of payment

- | | |
|---------------------------------------|---|
| ▪ Active retirements | Grandfathered Affiliates participants and Hercules not eligible for 51% lump sum: 100% single life annuity.

RGA participants and Hercules eligible for 51% lump sum: 100% of available lump sum. |
| ▪ Future deaths and future disability | Grandfathered participants and all Hercules: 100% single life annuity.

RGA participants: 100% lump sum. |
| ▪ Current and future vested deferred | Grandfathered participants and Hercules: 100% single life annuity.

RGA participants: 100% lump sum. |

Unpredictable contingent event assumptions	Not applicable
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Actuarial methods**Asset methods**

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

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.

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

- **Insurance contracts:** The plan does not have any insurance contracts.
- **Disabled participants:** Participant's who become disabled before retirement have been valued assuming that they will remain disabled until normal retirement.

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 24 — Change in Actuarial Assumptions

- Mortality table was updated from 2010 PPA separate static annuitant/nonannuitant tables to the 2011 PPA tables.
- LESOP share price was updated from September 30, 2010 market price of \$48.77 to the September 30, 2011 market price of \$44.14.
- Disability rates for Affiliates went from none to a table.

Schedule SB, Part V — Summary of Plan Provisions**Benefits included or excluded**

Unless noted below, all benefits provided by the plan, as restated and amended through Amendment #9, are included in this valuation.

- **Most recent plan amendments included:** Amendment #9 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.
- **Unpredictable contingent event benefits:** The plan does not have any unpredictable contingent event benefits.
- **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 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 benefit accruals.

Schedule SB, Part V — Summary of Plan Provisions**Summary of major plan provisions****Affiliates Members**

Effective date and plan year	Original plan: March 1, 1951 Restated plan: July 1, 2003
Status of the plan	The plan has ongoing benefit accruals and new employees are eligible to participate in the plan once they satisfy the participation requirements. Effective January 1, 2011 no new entrants are allowed into the plan.
Significant events that occurred during the year	None

Definitions

▪ Participation	One year of service and age 21. Effective January 1, 2011 no new entrants are allowed into the plan.
▪ Employee contributions	None
▪ Employer contributions	Entire cost of the Plan
▪ Credited service	Continuous service from most recent date of hire
▪ Final average compensation	Average of highest 3 years earnings during last 10 years of service, limited as required by the Tax Reform Act of 1986. Effective January 1, 2011, the final average compensation began transitioning from a 3-year average to a 4-year average, and effective January 1, 2016, the final average compensation begins transitioning from a 4-year average to a 5-year average for grandfathered annuity participants.

Schedule SB, Part V — Summary of Plan Provisions

Normal retirement

- | | |
|---------------|--|
| ▪ Eligibility | Age 65 |
| ▪ Benefit | <p>For members with 10 or more years of service on July 1, 2003 (referred to as Annuity Participants):</p> <p>Greatest of (a) and (b) offset by annuity purchased as of October 1, 1986 and the benefit attributable to 50% of the LESOP balance</p> <p>a.</p> <p style="padding-left: 40px;">i. Prior to 4/1/1976 – Benefit accrued to 3/31/1976 in accordance with terms of plan in effect on that date</p> <p style="padding-left: 40px;">ii. Beginning 4/1/1976 through 9/30/1989 - 1.50% of annual compensation under \$12,000 plus 2.25% of annual compensation over \$12,000.</p> <p style="padding-left: 40px;">iii. Beginning 10/1/1989 – no further accruals under this formula.</p> <p>b. 1.08% of final 3-year average compensation up to \$10,700 plus 1.50% of such average compensation in excess of \$10,700 multiplied by years of credited service (maximum of 35).</p> |

Schedule SB, Part V — Summary of Plan Provisions

For members with less than 10 years of service on July 1, 2003 (referred to as RGA Participants), cash balance benefit formula defined as follows:

- a. Opening Balance – Present value of accrued benefit as of 6/30/2003 (present value based on 5.5% interest and GATT 2003 mortality)
- b. Interest Credits – Average of United States Treasury Constant Maturity Rates for August preceding the beginning of the plan year plus 1%
- c. Contribution Credits – As determined from the following table:

Age + Continuous Service at End of Plan Year	Contribution Credit
Less than 30	3%
30 – 39	4%
40 – 49	5%
50 – 59	6%
60 – 69	7%
70 – 79	9%
80 or more	11%

- d. Additional transition credits for those age 45 or older on 6/30/2003 in accordance with the following table:

Age on June 30, 2003	Transition Credit Percentage
45 to 49	3%
50 to 54	4%
55 and Over	5%

Effective January, 2011, both contribution credits and transition credits are frozen, and only interest credits continue to accrue on cash balance accounts going forward for RGA participants.

Early retirement

▪ Eligibility

Eligible for early retirement if either:

- a. Age 55 or
- b. Age plus years of vesting service equal to 80 or more

Schedule SB, Part V — Summary of Plan Provisions▪ **Benefit**

Annuity Participants receive a percentage of their accrued benefit as specified in the following table:

Retirement age	Percentage of accrued benefit
50	46%
51	51%
52	56%
53	62%
54	68%
55	75%
56	80%
57	84%
58	88%
59	91%
60	94%
61	97%
62 or older	100%

RGA Participants receive an early retirement benefit equal to the value of their RGA account less any LESOP offset.

Deferred retirement benefit▪ **Benefit**

Participants working past their Normal Retirement Date shall continue to accrue benefits up to their actual date of retirement.

Deferred vested▪ **Eligibility**

Three or more years of vesting service

▪ **Benefit**

100% vested

Disability▪ **Eligibility**

Total and permanent disability

▪ **Benefit**

Benefits continue to accrue until Normal Retirement Date. Future service benefits after disability will accrue based on the member's compensation rate on October 1 of the year prior to his disability.

Schedule SB, Part V — Summary of Plan Provisions**Pre-retirement death**

- | | |
|-----------|--|
| ▪ Benefit | <p><u>Annuity Participants</u> – A member is eligible if vested and survived by a spouse. 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.</p> <p><u>RGA Participants</u> – Value of RGA account reduced by any LESOP offset</p> |
|-----------|--|

Post-retirement death

- | | |
|-----------|--|
| ▪ Benefit | In accordance with annuity form elected by Member. |
|-----------|--|

Form of benefits

- | | |
|---|---|
| ▪ Automatic form for unmarried participants | Joint and 50% Survivor annuity in amount actuarially equivalent to single life annuity. |
| ▪ Automatic form for married participants | Life annuity |
| ▪ Optional forms | 50%, 66-2/3% and 100% contingent annuities, life with 10 years guaranteed, and single life annuity with no guarantee. A lump sum option is also available for RGA participants. |

Miscellaneous

- | | |
|------------------------|--|
| ▪ Maximum compensation | Compensation for any 12-month period used to determine accrued benefits may not exceed the limits in IRC Section 401(a)(17) for the calendar year in which the 12-month period begins. This limit is indexed annually. For 2010, the limit is \$245,000. |
| ▪ Maximum benefits | Annual benefits may not exceed the limits in IRC Section 415. This limit is indexed annually. For 2010, the limit is \$195,000. |

Schedule SB, Part V — Summary of Plan Provisions**Hercules Members****Represented Employees of Heritage Hercules**

Effective date and plan year	Original plan: 1913 Restated plan: January 1, 2005
Status of the plan	The plan has ongoing benefit accruals and new employees are eligible to participate in the plan once they satisfy the participation requirements.
Significant events that occurred during the year	None
Definitions	
▪ Participation	All regular full-time represented employees.
▪ Employee contributions	None
▪ Credited service	Continuous service from most recent date of hire.
▪ Pensionable earnings	Salary and wages including overtime, holidays, vacations, commissions and non-occupational and temporary occupational disability benefits.
▪ Final average earnings	Average of highest five years' earnings during the last ten years of service, limited as required by the Tax Reform Act of 1986.
▪ Social security earnings base	Twelve times the 35-year average monthly compensation used under the Social Security Act to calculate a maximum unreduced primary Social Security benefit in the calendar year prior to the year in which retirement or termination occurs.
▪ Normal retirement date	First of the month following attainment of age 65.

Schedule SB, Part V — Summary of Plan Provisions**Normal retirement**

- | | |
|---------------|--------|
| ▪ Eligibility | Age 65 |
|---------------|--------|
-
- | | |
|-----------|--|
| ▪ Benefit | <p>a. Except as noted below: 1.15% of final average earnings up to the Social Security earnings base plus 1.35% of final average earnings in excess of such base multiplied by years of service.</p> <p>b. Bacchus wage employees:</p> <ul style="list-style-type: none"> – From October 1, 1997 — \$33.75 per month for each year of service. – At no time shall the benefit be less than the benefit as described in (i) above, with earnings frozen as of October 31, 1986 <p>c. McGregor wage employees:</p> <ul style="list-style-type: none"> – From September 15, 1994 — \$23.00 per month for each year of service. – At no time shall the benefit be less than the benefit as described in (i) above, with both earnings and service frozen as of July 31, 1989. – McGregor employees age 55 and older as of July 1, 1989 will receive the benefit as described in (i) above. <p>d. Hattiesburg, Jefferson, MCW, Gibbstown, Savannah, Parlin Powerhouse, and Milwaukee employees:</p> <ul style="list-style-type: none"> – The benefits available to non-represented participants covered by this plan. All employees who were represented participants in this plan on the effective date maintain rights to the benefits determined in accordance with their representation immediately preceding the effective date. |
|-----------|--|

Location	Effective Date
Hattiesburg	January 1, 1995
Jefferson	January 1, 1995
MCW	July 1, 1996
Gibbstown	October 1, 1996
Savannah	July 1, 1998
Parlin Powerhouse	July 1, 1998
Milwaukee	November 11, 2000

Schedule SB, Part V — Summary of Plan Provisions**Early retirement**

▪ Eligibility

- a. Unreduced Benefits: Eligibility for unreduced early retirement is as follows:

Age	Service
55	35
56	32
57	29
58	26
59	23
60	20
61	18
62	16
63	14
64	12

- b. Reduced Benefits: Eligibility for reduced early retirement benefits is age 50 and 10 years of service (except in cases of dishonesty, misconduct, etc.).

▪ Benefit

- a. Unreduced Benefits: As described in normal retirement benefits.
- b. Reduced Benefits: Actuarial reduction from the earliest date that the employee would have been eligible for unreduced benefits.

▪ 1997 Special Limited Retirement Incentive Program

- a. Eligibility: Employees assigned to specific U.S. locations defined by Hercules.
- b. Effective Date: Elections were made by location, after which all elections and rights to elect expire:

Location	Effective Date
MCW	May 1, 1997
Hopewell	May 1, 1997
Parlin	June 1, 1997

- c. Prospective Monthly Benefit: Benefits will be calculated for a participant as described in normal retirement benefits by adding three years of age and Credited Service to each participant who so elects. A special dismissal package could also be elected.
- d. Benefit Payment Provision: For purposes of calculating any postretirement form of payment, the participant's actual age at retirement shall be used.

Schedule SB, Part V — Summary of Plan Provisions**Deferred vested**

- | | |
|---------------|---|
| ▪ Eligibility | <ul style="list-style-type: none"> a. Five years of service where one year of vesting service is granted by any anniversary computation period in which an employee receives compensation for any six months. b. Prior disability pensioner whose disability has terminated and who has not been offered suitable work. c. Attainment of age 65. |
| ▪ Benefit | <ul style="list-style-type: none"> a. For employees receiving Social Security disability benefits, benefit as described in normal retirement benefits. b. For employees who fail to qualify or remain qualified for Social Security disability benefits, 1.15% of final average earnings multiplied by years of service or any other pension payable under this plan. |

Disability

- | | |
|---------------|--|
| ▪ Eligibility | Ten years of service and unable to perform the employee's normal work. |
| ▪ Benefit | Same as deferred vested benefits. |

Pre-retirement death

- | | |
|---------------|---|
| ▪ Eligibility | Spousal or nonspousal beneficiaries of active participants who are vested and who have elected this coverage; also, spousal beneficiaries of vested terminated participants who have elected this coverage. |
| ▪ Benefit | Benefit that would have been payable to beneficiary under the 50% contingent annuity option if the participant had elected retirement on his date of death (or if the participant had terminated employment on his date of death and commenced benefits on the earliest possible date). In addition, active employees who are eligible for retirement benefit may elect the 100% contingent annuity option. |

Schedule SB, Part V — Summary of Plan Provisions

- | | |
|-------------------|---|
| ▪ Cost of benefit | <p>All benefits under the plan reduced as follows:</p> <p>a. 50% contingent annuity option — See table below.
There is no charge for active employees at the Hopewell and Parlin locations who elect this coverage for spousal beneficiaries.</p> |
|-------------------|---|

	Charge per month of coverage
--	-------------------------------------

Age at coverage	For active employees	Coverage for vested terminated employees
Up to age 44	.00083%	.00833%
45 to 50	.00833	.02083
50 and over	.04167	.04167

b. 100% contingent annuity option—.075% for each month option is in effect.

Postretirement death	None except as elected by optional forms of benefits.
-----------------------------	---

Postponed retirement

- | | |
|---------------|---|
| ▪ Eligibility | Employee option. |
| ▪ Benefit | Benefit as described in normal retirement benefits based on earnings and service at actual retirement date. |

Form of benefits

- | | |
|---|--|
| ▪ Automatic form for unmarried participants | Life annuity. |
| ▪ Automatic form for married participants | 50% joint and survivor annuity, actuarially reduced. |
| ▪ Optional forms | 50%, 75% and 100% contingent annuities; also, Bacchus wage, Jefferson, Hattiesburg, Gibbstown, Milwaukee, Savannah, Parlin Powerhouse, and MCW employees and employees at the Parlin location may select a 51% lump sum combined with a 49% annuity. |

Benefits for former CPD employees (now Hexcel)	Accrued benefit as of July 1, 1996 based on service and benefit level in effect on that date, increased by 4.25% for each year employee remains employed by Hexcel, with a minimum of five years applied.
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Schedule SB, Part V — Summary of Plan Provisions**Hercules Members****Non-Represented Employees of Heritage Hercules**

Effective date and plan year	Original plan: January 1, 2005
Status of the plan	The plan has ongoing benefit accruals and new employees are eligible to participate in the plan once they satisfy the participation requirements.
Significant events that occurred during the year	None
Definitions	
▪ Participation	Any person not represented by a union, who is employed either at a location at which the Predecessor Plan was in effect or at a location to which this Plan has been extended by the Board. For represented employees participating in Schedule D (the career average pay formula) and for all non-represented employees, individuals hired on or after January 1, 2005 will not become participants in this plan.
▪ Employee contributions	None
▪ Vesting service	At least six months of Earnings are required for one year of vesting service. Prior service under Hercules Incorporated's Pension Plan is included.
▪ Credited service	Each month in which Earnings are accrued. The total months of Credited Service divided by 12 are the years of Credited Service, whether or not consecutive. Prior service under Hercules Incorporated's Pension Plan is included. For former employees of SP Microwave, Inc., no Credited Service is granted prior to January 1, 1968.
▪ Pensionable earnings	Salary or wages including overtime, holidays, vacations, commissions, sales incentives, MICP bonuses and nonoccupational and temporary occupational disability benefits paid to an employee up to the first day of the calendar month following date of retirement or termination. Effective January 1, 2011, variable pay is added and overtime is excluded going forward.

Schedule SB, Part V — Summary of Plan Provisions

▪ Final average earnings	Average monthly earnings for the highest five consecutive years during the last ten years of service, limited as required by the Tax Reform Act of 1986. Effective January 1, 2005, the averaging period of five years extends one additional month for each month that the individual is employed beyond January 1, 2005. (Note that the extended averaging period does not apply to the represented employees at MCW).
▪ Social security integration point	One-half of the Social Security tax base in effect for 12 months immediately prior to the effective date of retirement or termination month.
▪ Normal retirement date	First day of the month following attainment of age 65.
Normal retirement	
▪ Eligibility	Normal retirement date
▪ Benefit	<p><u>Prospective Monthly Benefit:</u> 1.20% of Final Average Earnings up to the Social Security Integration Point plus 1.60% of Final Average Earnings in excess of such integration point multiplied by years and months of Credited Service.</p> <p><u>Predecessor Plan:</u> All participants who participated in the Predecessor Plan in effect on December 31, 1984 maintain rights to the benefits determined in accordance with such Plan.</p> <p><u>Former Employees of SP Microwave, Inc.:</u> The minimum benefit under this plan is the benefit accrued as of June 30, 1987 under the SP Microwave, Inc. Plan.</p> <p><u>Former Employees of Aqualon Company Pension Plan (Kenedy):</u> The minimum benefit under this plan is the accrued benefit as of December 31, 1992 under the Aqualon Company Pension Plan (Kenedy).</p>
Early retirement	
▪ Eligibility	<p>Prior to January 1, 2011:</p> <p><u>Unreduced Benefits:</u> Eligibility: Attainment of age 60 and completion of ten years of Service.</p> <p><u>Reduced Benefits:</u> Attainment of age 55 and completion of ten years of Service.</p>

Schedule SB, Part V — Summary of Plan Provisions

Benefit

Prior to January 1, 2011:

Unreduced Benefits: As described in normal retirement benefits (a), (b) and (c).

Reduced Benefits: As described in normal retirement benefits (a), but reduced for each month by which the date of retirement precedes age 60, minimum of benefit based on Predecessor Plan. The reduction is equal to 150% divided by an individual's Service for each year prior to age 60. The maximum annual reduction is 5%.

Retirement age	Percentage of accrued benefit
50	46%
51	51%
52	56%
53	62%
54	68%
55	75%
56	80%
57	84%
58	88%
59	91%
60	94%
61	97%
62 or older	100%

This change in early retirement factors is being made using a "wear-away" approach, whereby the early retirement benefit determined after this change in reduction factors cannot be less than the early retirement benefit determined using the December 31, 2010 accrued benefit and the early retirement factors in effect prior to 2011.

Schedule SB, Part V — Summary of Plan Provisions

▪ 1994 Special Limited Retirement Incentive Program

Eligibility: Salaried employees of Hercules Incorporated not represented by a union who, as of February 28, 1994, are at least age 50 with ten or more years of Credited Service, who are not otherwise excluded, and who are employed or assigned to the specific U.S. locations defined by Hercules.

Effective date: Elections must be made between January 17, 1994 and February 28, 1994, after which all elections and rights to elect expire.

Prospective monthly benefits: Benefits will be calculated for a participant as described in normal retirement benefit (a) by adding three years of age and Credited Service to each participant who so elects.

Benefit payment provision: Benefits may be paid in a lump sum calculated in accordance with the existing plan provisions, and applicable to all or a portion of the above benefit. However, for purposes of calculating the 51% lump sum benefit option and any postretirement form of payment, the participant's actual age at retirement shall be used.

▪ 1995 Special Limited Retirement Incentive Program

Eligibility: Salaried employees of Hercules Incorporated not represented by a union, who are not otherwise excluded, and who are employed or assigned to the specific U.S. locations defined by Hercules.

Effective date: Elections were made early in the first quarter of 1995, after which all elections and rights to elect expire.

Prospective monthly benefits: Benefits will be calculated for a participant as described in normal retirement benefit (a) by adding three years of age and Credited Service to each participant who so elects. An additional benefit equal to two months of earnings was paid as a lump sum.

Benefit payment provision: Benefits may be paid in a lump sum calculated in accordance with the existing plan provisions and applicable to all or a portion of the above benefit. However, for purposes of calculating the 51% lump sum benefit option and any postretirement form of payment, the participant's actual age at retirement shall be used.

Schedule SB, Part V — Summary of Plan Provisions

▪ 1997 Special Limited Retirement Incentive Program

Eligibility: Employees assigned to specific U.S. locations defined by Hercules.

Effective date: Elections were made by location, after which all elections and rights to elect expire:

Location	Effective Date
Brunswick	January 1, 1997
Oxford	January 1, 1997
MCW	May 1, 1997
Hopewell	May 1, 1997
Parlin	June 1, 1997

Prospective monthly benefits: Benefits will be calculated for a participant as described in normal retirement benefit (a) by adding three years of age and Credited Service to each participant who so elects. For MCW, Hopewell and Parlin, a special dismissal package could also be elected.

Benefit payment provision: Benefits may be paid in a lump sum calculated in accordance with the existing plan provisions, and applicable to all or part of the above benefit. However, for purposes of calculating the 51% lump sum benefit option and any postretirement form of payment, the participant's actual age at retirement shall be used.

▪ FiberVisions Special Limited Retirement Incentive Program

Eligibility: Employees of the FiberVisions Joint Venture.

Effective date: Elections were made by November 1, 1997, after which all elections and rights to elect expire.

Prospective monthly benefit: Benefits will be calculated for a participant as described in normal retirement benefit (a) by adding three years of age and Credited Service to each participant who so elects.

Benefit payment provision: Benefits may be paid in a lump sum calculated in accordance with the existing plan provisions, and applicable to all or part of the above benefit. However, for purposes of calculating the 51% lump sum benefit option and any postretirement form of payment, the participant's actual age at retirement shall be used.

Schedule SB, Part V — Summary of Plan Provisions

▪ 2000 Special Limited Retirement Incentive Program for Hopewell	Benefits will be calculated for an eligible participant as described in normal retirement benefit (a) by adding five years of age and Credit Service to each eligible participant who so elects the open window.
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Deferred vested

▪ Eligibility	Five years of vesting service.
▪ Benefit	As described in normal retirement (a), (b) and (c). A participant may elect to receive payment of a vested benefit as early as age 55 by proper application. The benefit that would have been payable at age 65 will be actuarially reduced as described in the plan.

Disability

▪ Eligibility	Not applicable
▪ Benefit	None (continued service credit while receiving benefits under Company long-term disability plan).

Pre-retirement death

▪ Eligibility	Spousal or nonspousal beneficiaries of active participants who are vested and who have elected this coverage; also, spousal beneficiaries of vested terminated participants who have elected this coverage.
▪ Benefit	Benefit that would have been payable to beneficiary under the 50% contingent annuity option if the participant elected retirement on his date of death (or if the participant had terminated employment on his date of death and commenced benefits on the earliest possible date). In addition, active employees who are eligible for retirement benefits may elect the 100% contingent annuity option.

Schedule SB, Part V — Summary of Plan Provisions

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| ▪ Cost of benefit | <p>All benefits under the plan reduced as follows:</p> <p>a. 50% contingent annuity option — See table below.
There is no charge for active employees at the Hopewell and Parlin locations who elect this coverage for spousal beneficiaries.</p> |
|-------------------|---|

	Charge per month of coverage
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Age at coverage	For active employees	Coverage for vested terminated employees
Up to age 44	.00083%	.00833%
45 to 50	.00833	.02083
50 and over	.04167	.04167

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| b. | 100% <u>contingent</u> annuity option—.0333% for each month option is in effect. |
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Postretirement Death	None except as elected by optional forms of benefits.
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Postponed retirement

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| ▪ Eligibility | Employee option. |
| ▪ Benefit | Benefit as described in normal retirement benefit (a), (b) and (c) based on earnings and service at actual retirement date. |

Form of benefits

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| ▪ Automatic form for unmarried participants | Life annuity. |
| ▪ Automatic form for married participants | 50% joint and survivor annuity, actuarially reduced. |
| ▪ Optional forms | 50%, 75% and 100% joint and survivor annuities, 51% lump sum combined with a 49% annuity. As of January 1, 2005, the 51% lump sum is only applicable to benefits earned through the end of 2004. |

Schedule SB, Part V — Summary of Plan Provisions

July 1, 1993 Pension Adjustment	For all pensioners and beneficiaries receiving benefits pursuant to a joint and survivor option who were receiving benefits as of April 1, 1993 (and in addition, all 1992 curtailed employees who were retirement eligible, even if they are not in payment status as of April 1, 1993) the pension benefits were increased as follows: 0.125% per month of retirement from January 1, 1985 through December 31, 1992. Minimum increase was equal to the greater of (i) \$20 per month of retirement or (ii) 3% of the pension benefit being paid. The increase is not payable to individuals (or beneficiaries) in pay status who started to receive benefits from status as vested terminated participants with a right to a deferred benefit.
Benefits for former E&PD employees (now MacDermid)	Accrued benefit as of January 1, 1996 based on Credited Service and Final Average Earnings at that date, increased by 4.25% for each year the employee remains employed by MacDermid.
Benefits for former CPD employees (now Hexcel)	Accrued benefit as of July 1, 1996 based on Credited Service and Final Average Earnings at that date, increased by 4.25% for each year the employee remains employed by Hexcel, with a maximum of five years applied.
Benefits for employees of the FiberVisions Joint Venture	Accrued benefit as of July 1, 1997 based on Credited Service and Final Average Earnings at that date, increased by 4.25% for each year the employee remains employed by FiberVisions, with a maximum of five years applied.

Schedule SB, Part V — Summary of Plan Provisions**Hercules Members****Heritage BetzDearborn Employees**

Key provisions	<ul style="list-style-type: none"> Averaging period for pay of three years extends one additional month for each month that the individual is employed beyond January 1, 2005. The 51% lump sum provision is available to new retirees based on benefits earned through the end of 2004. Employees hired on or after January 1, 2005 do not become participants in the plan.
Effective date and plan year	<p>Original plan: January 1, 1953. Merged into Hercules Pension Plan January 1, 1999.</p> <p>Restated plan: January 1, 2002</p>
Status of the plan	The plan has ongoing benefit accruals and new employees are eligible to participate in the plan once they satisfy the participation requirements.
Significant events that occurred during the year	None
Definitions	
<ul style="list-style-type: none"> Covered employees 	
<ul style="list-style-type: none"> Participation 	January 1 or July following attainment of age 21 and completion of one year of service.
<ul style="list-style-type: none"> Employee contributions 	None
<ul style="list-style-type: none"> Credited service 	Each year in which a participant completes 1,000 hours. Effective January 1, 2005, each month in which earnings are accrued.
<ul style="list-style-type: none"> Pensionable earnings 	Salary or wages including shift premium, overtime, incentive, commissions, bonuses, holidays, vacations and nonoccupational and temporary occupational disability benefits paid to an employee up to the first day of the calendar month following date of retirement or termination.
<ul style="list-style-type: none"> Final average earnings 	Average annual earnings for the highest three consecutive years excluding those years in which the participant did not complete a year of service. Effective January 1, 2005, average monthly earnings for each year of service from the later of January 1, 2002 or date of hire.

Schedule SB, Part V — Summary of Plan Provisions

▪ Covered Compensation	35-year average of Social Security wage bases ending with the year the participant attains Social Security Retirement Age.
▪ Social security integration point	One-half of the Social Security tax base in effect for 12 months immediately prior to the effective date of retirement or termination month.
▪ Normal retirement date	First day of the calendar month following attainment of age 65 and completion of five years of participation..
Normal retirement	
▪ Eligibility	Attain age 65 with five years of participation.
▪ Benefit	<p>a. 1.2% of Final Average Earnings multiplied by Credited Service up to a maximum of 35 years.</p> <p>b. 0.6% of Final Average Earnings exceeding Covered Compensation multiplied by Credited Service up to a maximum of 35 years.</p> <p>c. W.R. Grace Benefit</p> <p>Effective January 1, 2005: (a) – (b):</p> <p>a. 1.20% of Final Average Earnings up to the Social Security Integration Point plus 1.60% of Final Average Earnings in excess of such integration point multiplied by years and months of Credited Service.</p> <p>b. W.R. Grace Benefit</p>
Early Retirement (Prior to January 1, 2005)	
▪ Eligibility	Attainment of age 55 and completion of ten years of service.
▪ Benefit	As described normal retirement benefit, but reduced 1/180 for each of the first 60 months and 1/300 for each of the next 60 months commencement precedes Normal Retirement Date.
Rule-of-85 early retirement	
▪ Eligibility	Attainment of age 55 and age plus service equals at least 85 years; also, certain individuals who terminate by October 2000 are deemed to have satisfied Rule of 85.

Schedule SB, Part V — Summary of Plan Provisions

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| ▪ Benefit | As described in normal retirement benefit, but (i) is reduced 1/240 for each month commencement precedes age 60, and in (ii) is reduced 1/180 for each of the first 60 months and 1/300 for each of the next 60 months commencement precedes Normal Retirement Date. |
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Early Retirement (effective January 1, 2005)

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| ▪ Eligibility | <p>a. <u>Unreduced</u>: Attainment of age 60 and completion of ten years of Service.</p> <p>b. <u>Reduced</u>: Attainment of age 55 and completion of ten years of Service.</p> |
| ▪ Benefit | <p>a. <u>Unreduced</u>: As described in normal retirement benefit with no adjustment.</p> <p>b. <u>Reduced</u>: As described normal retirement benefit, but reduced for each month by which the date of retirement precedes age 60. The reduction is equal to 150% divided by an individual's Service for each year prior to age 60. The maximum annual reduction is 5%.</p> |

Rule-of-85 Minimum

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| ▪ Eligibility | Attainment of age 55 and age plus service equals at least 85 years; also, certain individuals who terminate by October 2000 are deemed to have satisfied Rule of 85. |
| ▪ Benefit | As described normal retirement benefit using earnings and service as of December 31, 2004, but (i) is reduced 1/240 for each month commencement precedes age 60, and in (ii) is reduced 1/180 for each of the first 60 months and 1/300 for each of the next 60 months commencement precedes Normal Retirement Date. |

Deferred vested

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| ▪ Eligibility | Five years of participation. |
| ▪ Benefit | As described in normal retirement benefit. |

Disability

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| ▪ Eligibility | Not applicable |
| ▪ Benefit | None (continued service credit while receiving benefits under Company long-term disability plan). |

Schedule SB, Part V — Summary of Plan Provisions

Pre-retirement death	
▪ Eligibility	Spousal beneficiaries of active participants who are vested; also, spousal beneficiaries of vested terminated participants.
▪ Benefit	Benefit that would have been payable to beneficiary under the 50% contingent annuity option if the participant elected retirement on his date of death (or if the participant had terminated employment on his date of death and commenced benefits on the earliest possible date).
Postretirement death	
None except as elected by optional forms of benefits.	
Postponed retirement	
▪ Eligibility	Employee option.
▪ Benefit	As described normal retirement benefit based on earnings and service at actual retirement date.
Form of benefits	
▪ Automatic form for unmarried participants	Life annuity.
▪ Automatic form for married participants	50% joint and survivor annuity, actuarially reduced.
▪ Optional forms	50%, 75% and 100% joint and survivor annuities and a 5-year certain and continuous annuity. A 51% lump sum combined with 49% annuity is available on the benefits earned through the end of 2004.

Hercules member plan provision changes since prior valuation

- Maximum compensation and maximum benefits were updated from 2010 to 2011.