Ashland Hercules Pension Plan
Part 2
Summary Plan Description

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ABOUT THIS BOOKLET

This booklet summarizes the Part 2 of the Ashland Hercules Pension Plan (the “Plan”). This booklet describes the Plan as it applies to members who do not work for Ashland Paving And Construction, Inc. (APAC) or its subsidiaries that participate in this Plan. If a member has an accrued benefit under Schedules A, B, C, D or E of Part 1 of the Plan, that member must refer to the summary plan descriptions created for those Schedules.

The purpose of the plan is to provide retirement income in addition to any Social Security benefit to which you may be entitled. The plan also may provide a death benefit to your surviving spouse (if any).

The Plan’s benefit is coordinated with the Ashland Inc. Leveraged Employee Stock Ownership Plan (LESOP) for those members who have a benefit in the LESOP. The last scheduled allocation under the LESOP occurred March 31, 1996. The plan’s benefit is also coordinated with the benefit payable from the terminated Pension Plan of Ashland Oil, Inc. for those members who have a benefit payable from the terminated plan. The Pension Plan of Ashland Oil, Inc. was terminated effective September 30, 1986. The benefit under the terminated plan is funded through a group annuity contract issued by the Metropolitan Life Insurance Company (GAC No. 8834-5).

Full details are in the legal text of the plan and trust agreement. The legal text governs any differences between this summary and the legal text.

Call the Ashland HR Service Center at 1-800-782-4669 if you have any questions.

No provision of the plan: (1) gives any employee the right to be retained by the company; (2) affects the right of the company to terminate or discharge any employee at any time; (3) gives the company the right to require any employee to remain in its employ; or (4) affects any employee’s right to terminate employment at any time.

A reference to “company” is to the company for which you work. References to “plan sponsor” and “plan administrator” are to Ashland Inc.

TWO PENSION PLANS COMBINED

The present plan is a combination of the Pension Plan that became effective October 1, 1986, and the terminated plan in effect prior to October 1, 1986.

Full Vesting — As a result of the prior plan termination, all members were fully vested in benefits accumulated to September 30, 1986. The prior plan members have a right to the retirement income benefits accumulated under the prior plan and those benefits are distributed with the benefits accumulated under this plan.

Purchased Benefits — As part of the prior plan termination, a group annuity contract was purchased from Metropolitan Life Insurance Company (Contract No. 8834-5). This group annuity provides the benefits accumulated under the prior terminated plan. The benefits for each member of the prior plan are on file with the company and will be included as part of the member’s retirement income.

Recognition of Final Average Compensation and Service — If you were a member of the prior plan, this plan uses your years of credited service in both plans (to a maximum of 35 years). In this manner, the combined benefits earned under the prior plan and under this plan use all of your years of credited service with the company.

A DIFFERENT BENEFIT FORMULA AND FROZEN PLAN

Effective January 1, 2011, the retirement growth account was frozen. No new benefits accrued under the retirement growth account after such date.
Effective on July 1, 2003 and ending prior to January 1, 2011, a different benefit formula was introduced for certain members. The different formula is commonly referred to as a cash balance formula. Under the plan the formula is called the retirement growth account. Not all members are eligible for the formula. Employees who were members under the plan on June 30, 2003, with at least 10 years of continuous service remain in the benefit formula as it existed before July 1, 2003. The benefit formula (or combination of formulas) that applies to members who do not have the retirement growth account is generically referred to as the annuity benefit.

The retirement growth account applies to a member who meets any of the following:
- Employees who were plan members on June 30, 2003, with less than 10 years of continuous service;
- Employees who first become plan members after June 30, 2003; or
- Employees who were not employed with the company on June 30, 2003, and who are rehired after that date and become members of the plan. This applies to the rehire of a member even if that member had 10 or more years of continuous service before leaving employment with the company. Such a member will have a benefit computed under at least two formulas. One is the retirement growth account for employment after June 30, 2003. The other is under the formula that applied to the benefit earned before leaving employment before June 30, 2003. The total benefit for such a member is the sum of the benefits produced by each formula.

PLAN MEMBERSHIP

Eligibility
Effective January 1, 2011, the retirement growth account was frozen. No new members are eligible for a retirement growth account after such date. Prior to January 1, 2011, you automatically became a plan member on the first day of the month coincident with or next following the date you meet all of the following requirements:
- You are an active regular employee in a group designated by the plan sponsor as eligible for plan membership;
- You attain age 21; and
- You complete one year of continuous service.

Transfer Into An Eligible Group
If you transfer into an eligible group, your membership is effective on the first day of the month coincident with or next following your transfer, provided you meet the eligibility requirements for participation. If you do not meet the requirements at the time of transfer, your membership is effective on the first day of the month coincident with or next following the date the requirements are satisfied.

Transfer Out Of An Eligible Group
If you transfer out of an eligible group, your membership is suspended as long as you are employed in an ineligible group.

Re-employment Of A Member
If you terminate employment while a plan member, you may become a member again upon your re-employment. If you are re-employed as an active, regular employee in an eligible group, you are enrolled on the first day of the month coincident with or next following your re-employment. Your years of service under the plan will be determined according to the break in service and lump sum distribution rules.

CONTRIBUTIONS

The company makes actuarially determined contributions to the plan to maintain funding levels required by federal law. Member contributions are not required or permitted.

SERVICE
Your years of service with the company are used to determine two types of plan service:

**Continuous Service** begins with your employment (or re-employment) date. Continuous service is used to determine eligibility for plan membership and for vesting (see the section on **Vesting**). This kind of service is also used to determine the contribution credits under the retirement growth account.

Except as otherwise provided, a period of continuous service ends upon the earlier of (1) an involuntary or voluntary termination, retirement or death, or (2) the first 12-month anniversary of the date an absence began for any other reason. However, certain leaves of absence and periods of time during which company-provided, long-term disability benefits are paid may count as continuous service. These are described in the **Leaves Of Absence** section.

Periods of absence less than 12 months between periods of employment are included as part of your continuous service. Non-consecutive service that cannot be disregarded under the break in service rules (see below) is combined on the basis that 365 days of service equal one year of service. The automated records system considers a member to have one-twelfth of a year of service for each month in which the member has any service.

**Credited Service** is generally the same as your continuous service, but it is measured from the time you became a plan member. Therefore, the one year of continuous service needed to become a member does not count as credited service. Credited service was used to calculate your retirement income under the annuity benefit. If you are not eligible for the annuity benefit, then credited service does not play a role in computing your benefit.

You may earn credited service for absences during which you (1) receive both Social Security disability benefits and company-provided long-term disability benefits, (2) receive payroll continuation for sickness, or (3) are on military duty. These situations are covered in the **Leaves Of Absence** section.

Credited service does not include service incurred (1) while you are not employed in an eligible group, (2) while you are absent without pay, (3) prior to receiving a lump sum distribution (see **Break In Service And Repayment Of Lump Sum Distributions** section), and (4) after June 30, 2003, if all or part of your benefit is computed under the retirement growth account formula.

**Break In Service And Repayment Of Lump Sum Distributions**

A break in service occurs when a member with no vested plan benefit is absent for at least five years, measured from the date his or her continuous service ended.

**When Your Benefit is Not Vested**

If you leave the company before your benefit is vested your non-vested, accrued benefit is treated as though it were distributed. The credited service related to that deemed distribution is forfeited. You lose all of your continuous service and credited service if you are not re-employed before having a break in service. If you are re-employed before having a break in service, your prior continuous service and credited service, and the benefit related to that service, are automatically reinstated.

**When Your Benefit is Vested**

If you separate from employment when the present value of your vested benefit is $5,000 or less, it will be paid to you in a single lump sum. Such payment is subject to the section on **Automatic Rollover**. If you are re-employed and again become a member of the plan, all credited service for which you received payment will be disregarded when calculating your benefits during your period of re-employment. A different result occurs if you are re-employed before incurring five consecutive one-year periods of severance. In that event, you may have your prior credited service reinstated (and the benefit related to that service) by repaying within five years of your re-employment the full amount of the lump sum distribution, plus interest compounded annually from the date the payment was made to the date of repayment. The applicable interest rate will be the maximum rate allowed by the Employee Retirement Income Security Act of 1974 (ERISA).
If certain requirements are met, a member whose benefit is determined under the retirement growth account formula may receive the benefit as a single lump sum distribution. If you receive a lump sum distribution of a retirement growth account greater than $5,000, you cannot repay the distribution to the plan upon re-employment with the company.

**Direct Rollover of Lump Sum Distributions**

A member or a member’s surviving spouse who will receive a lump sum distribution may elect to directly transfer all or an allowed portion of the distribution (determined in increments of 10 percent) to an eligible employer plan or traditional Individual Retirement Account (IRA) that accepts rollover contributions. An eligible rollover distribution **cannot** be rolled over to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account (formerly known as an education IRA). None of those programs is a traditional IRA. An eligible employer plan includes tax-qualified plans of deferred compensation under Section 401(a) of the Internal Revenue Code; Section 403(a) annuity plans; Section 403(b) tax-sheltered annuities; and an eligible Section 457(b) plan maintained by a governmental employer. An individual may only designate one eligible employer plan or traditional IRA that will receive all or an allowed part of a lump sum distribution. Annuity distributions are not eligible for direct rollover. The plan sponsor may impose other allowed restrictions on direct rollovers, from time to time.

A beneficiary who is not your surviving spouse may also directly transfer an eligible rollover distribution to a traditional IRA. In that event, the IRA must be treated as an inherited IRA. If such a beneficiary delays making this transfer until after December 31 in the year following your death, the IRA will be subject to the required distribution rule of this plan, which requires a complete distribution by December 31 of the fifth calendar year following the calendar year of your death.

**Automatic Rollover**

If the present value of your benefit is $5,000 or less (or $35.00 a month or less) it is subject to the mandatory cash out distribution rules under the plan. If your benefit is subject to these rules, you can elect to receive your benefit or you can elect to have your benefit directly rolled over to an eligible plan of your choice (see the section on Direct Rollover of Lump Sum Distributions).

Distributions after March 27, 2005 are subject to a mandatory automatic rollover to an IRA designated by the plan administrator. The automatic rollover is made if:

- The present value of your benefit is more than $1,000 and less than or equal to $5,000;
- You do not elect to receive your benefit in accordance with the procedures explained on another form in this package of materials; and
- You do not elect to roll over your benefit to an eligible plan of your choice in accordance with the procedures explained on another form in this package of materials.

This rule is required by law. The IRA provider that the plan administrator designated is:

The Principal Bank  
711 High Street  
Des Moines, Iowa 50392-0040

Therefore, if you fail to elect to receive a distribution or fail to elect an eligible plan for a direct rollover of your benefit, the plan will transfer your benefit to The Principal Bank to hold your benefit in an IRA for you.

Once transferred to this IRA, your benefit will be invested in an FDIC insured savings account. The fees charged by the IRA provider will be deducted directly from your benefit. There are early withdrawal fees if you withdraw or transfer your benefit within 90 days of the date your IRA is established. All of the fees are subject to change. The fees cannot exceed what the IRA provider charges for its other rollover IRAs.

The mandatory automatic rollover rules described in this section do not apply to your surviving spouse, an alternate payee under a qualified domestic relations order or to your designated beneficiary.
Mandatory cash out amounts that are $1,000 or less will be distributed directly to you without your consent, unless you elect to directly rollover those amounts to an eligible plan of your choice before the distribution.

If you have questions about the automatic rollover rules, you can contact the HR Service Center at 1-800-782-4669. You can address written questions to the Ashland Inc. Employee Benefits Department, Attention: Pension Automatic Rollover, 3499 Blazer Parkway, Lexington, Kentucky 40509.

Leaves Of Absence
You will receive continuous and/or credited service for absences as follows:

- Absences during which you receive benefits under the Ashland Inc. Long Term Disability (LTD) Plan count as continuous service. For the period during which you also receive Social Security disability benefits, the absence will count as credited service;
- Credited and continuous service stop if distributions of plan benefits begin while you are receiving company-provided, long-term disability benefits;
- Absences during which you receive payroll continuation benefits for sickness count as both continuous and credited service;
- Absences due to military duty for which you have re-employment rights according to law count as both continuous and credited service provided you return to work before your re-employment rights expire. If you are re-employed before your re-employment rights expire, you are considered to earn the rate of pay you would have received if you had not been engaged in covered military service. If this cannot be determined with reasonable certainty, then your deemed compensation would be your average pay for the 12 months preceding the military leave (or period of employment if shorter than 12 months);
- Absences due to certain plan sponsor designated temporary leaves for government service count as both continuous and credited service; and
- If you are absent due to pregnancy, adoption, or to care for a child immediately following birth or adoption, the period between the first anniversary of your absence and the second anniversary of your absence does not count as either service or a break in service.

WHEN YOU CAN RETIRE

Normal Retirement

Members on or before June 30, 2003
For members eligible for the Plan on or before June 30, 2003, your normal retirement date is the first day of the month following your 65th birthday. Your normal retirement age is 65. You have a vested right to your accrued benefit at normal retirement age. This means that the benefit you earned to that date is unforfeitable, if it was not already unforfeitable.

Members after June 30, 2003
For members eligible for the Plan after June 30, 2003, your normal retirement date is the later of:
- The first day of the month following your 65th birthday; or
- The first day of the month following your completion of five years of continuous service.

Your normal retirement age is the later of:
- Your attainment of age 65; or
- Your completion of five years of continuous service.

You have a vested right to your accrued benefit at normal retirement age. This means that the benefit you earned to that date is unforfeitable, if it was not already unforfeitable.

Early Retirement
You may retire on the first day of any month before your normal retirement date if, on the date you elect to retire:
- You are age 55 or over; or
Your age plus your continuous service total 80 or more - for example:
- Age 50 plus 30 years of service, or
- Age 54 plus 26 years of service, etc.

There is a special additional condition if your benefit is under the retirement growth account and you had not met the requirements for early retirement on June 30, 2003. If this describes you, then you must also have at least five years of continuous service in addition to meeting the above requirements to elect early retirement.

**Postponed Retirement**
If you continue in active employment after age 65, the payment of retirement benefits is postponed until you retire from active service. So long as you are in an employment classification that is eligible for plan benefits you will still accrue plan benefits, subject to the limitations and conditions in the plan. You may elect to begin your pension payment when you terminate employment. Therefore, payment of the benefit is suspended during the time of your continued employment in any capacity.

The Department of Labor has regulations describing the rules applicable to the suspension of benefits. These are at Section 2530.203-3 of the Code of Federal Regulations.

Once a member separates from service, federal law requires that distributions begin at a specified time. For distributions starting after October 1, 2000, for members who attain age 69 ½ in calendar year 2000 or later, the required beginning date for minimum distributions is the later of:
- April 1 of the calendar year after the calendar year the member attains age 70 ½; or
- April 1 of the calendar year after the calendar year the member terminates employment.

**Sold Operations**
If the company sells a business unit and an employee of that unit continues to work for the buyer, payment of retirement benefits cannot begin until the employee terminates employment with the buyer. See the example in the [Early Retirement Pension] section.

Members who worked for:
- the Marathon Ashland Petroleum LLC (or for any of its subsidiaries);
- any successor to the Marathon Ashland Petroleum LLC (or any of its subsidiaries); or
- Marathon Oil Corporation
are not considered terminated for certain purposes under the plan. These purposes include measuring vesting service and determining eligibility for a distribution of a plan benefit. Therefore, if you are a member in this group, your employment will be considered terminated when you leave employment with Marathon and any of its related companies. Until that time you are not eligible for a distribution of your benefit under the plan.

*Plan members who worked for Valvoline Instant Oil on June 29, 2005 and whose employment was transferred on June 30, 2005 to the Marathon Oil Corporation or a related company are not included in this group. Their employment was terminated with the company for purposes of the plan. Therefore, they can elect to receive a distribution under ordinary plan rules. Members who had ceased to work for the Marathon Ashland Petroleum LLC (or any of its subsidiaries) before June 30, 2005 are also not included in this group. The actual plan document has more details about the rights of members who used to work with the Marathon Ashland Petroleum LLC (or any of its subsidiaries).*

**RETIREDMENT INCOME BENEFITS**

**Normal Retirement Pension**

*Annuity Benefit*
For Credited Service prior to June 30, 2003, your benefit at your normal retirement date is calculated under a formula based on your final average compensation (as defined in the [Definition of Special Terms] section) and your credited service to a maximum of 35 years. The result is a final average benefit.
The final average benefit is equal to:
1.08 percent of your final average compensation up to $10,700
plus
1.5 percent of your final average compensation
in excess of $10,700
times
Your total years and fractional years of credited service prior to June 30, 2003 (up to a maximum 35 years), including service under the prior terminated plan.

(This formula includes the annuity value of your LESOP offset account if applicable.)

As illustrated in the following examples, your benefit takes into account:
• The amount, if any, you are entitled to receive from the prior terminated plan; and
• For those members who participate in the LESOP, the annuity value of the shares in your LESOP offset account. The LESOP offset account is 50 percent of the total shares allocated to your LESOP account, excluding any shares in the PAYSOP sub-account.

The Annuity Benefit formula ceased to accrue additional benefits June 30, 2003. Additional benefits accrued under the retirement growth account described below between June 30, 2003 and January 1, 2011.

Retirement Income Examples

Example 1:
Ann elects to retire at age 65 on her Normal Retirement Date. Ann's years of credited service total 30 years and she is entitled to $400 monthly as the benefit she had earned at September 30, 1986 from the prior plan. She has also been a member of LESOP and the annuity value of her LESOP offset account represents a monthly annuity of $200.

1. Final average compensation:
   \[\frac{($28,000 + $29,500 + $31,700)}{3} = $29,733.00\]

2. Annual final average benefit:
   \[\begin{align*}
   $10,700 \times 1.08\% &= $115.56 \\
   $19,033 \times 1.50\% &= $285.50 \\
   $29,733 \times 30\,\text{years} &= $12,031.80
   \end{align*}\]

3. Monthly Pension ($12,031.80 \div 12) = $1,002.65

Ann's total years of credited service in the terminated plan and the present plan are included in step two. That means that her $400 benefit from the terminated plan is already included in the calculation.

The calculation also includes the annuity value of her LESOP offset account. Therefore, the $200 represented by Ann's LESOP account is not added to the benefit under this formula. Her LESOP offset account in the LESOP is, however, transferred to the plan to pay for this part of her benefit. If Ann is married this transfer is required, unless her spouse signs a notarized consent to a different manner of LESOP distribution.

Ann's monthly benefit is broken down as follows:

\begin{align*}
\text{Value of her LESOP offset account} &= $200.00 \\
\text{Payable from prior plan} &= $400.00 \\
\text{Payable from this plan} &= $402.65 \\
\text{Total Monthly Pension} &= $1,002.65
\end{align*}
Ann can elect to have her entire LESOP account paid to her in the form of cash or stock. If she is married this requires a notarized consent from her spouse. If she did this, the annuity value of her LESOP offset account ($200) reduces the amount of her pension to $802.65 monthly.

Example 2:
Paula plans to retire at age 65 with 30 years of credited service in this plan. She was not a member of the terminated plan and is not in the LESOP.

1. Final average compensation:
   \(\frac{(48,000 + 49,000 + 50,000)}{3} = 49,000.00\)

2. Annual final average benefit:
   \(10,700 \times 1.08\% = 115.56\)
   \(38,300 \times 1.50\% = 574.50\)
   \(49,000 \times 7\% = 3380.00\)
   \(690.06 \times 30\ years = 20,701.80\)

   Monthly Pension \(\frac{20,701.80}{12} = \$1,725.15\)

Example 3:
Jim plans to retire at age 65 with 25 years of credited service. He was not a participant in the prior terminated plan, but was a participant in LESOP. Jim elected to have his LESOP offset account ($150.00) transferred to this plan.

1. Final average compensation:
   \(\frac{(31,000 + 32,000 + 33,000)}{3} = 32,000.00\)

2. Annual final average benefit:
   \(10,700 \times 1.08\% = 115.56\)
   \(21,300 \times 1.50\% = 319.50\)
   \(32,000 \times 435.06 \times 25\ years = 10,876.50\)

   Monthly Pension \(\frac{10,876.50}{12} = \$906.38\)

   Jim’s monthly benefit is broken down as follows:
   
<table>
<thead>
<tr>
<th>Value of his LESOP offset account</th>
<th>Payable from this plan</th>
<th>Total Monthly Pension</th>
</tr>
</thead>
<tbody>
<tr>
<td>$150.00</td>
<td>$756.38</td>
<td>$906.38</td>
</tr>
</tbody>
</table>

   The benefit formula includes the annuity value of the LESOP offset account. Therefore, the $150.00 represented by the value of Jim’s LESOP account is not added to his monthly pension. If Jim instead elected a distribution of 100 percent of his LESOP then his pension benefit would have been decreased by $150.00 to $756.38.

Definition Of Special Terms
Final Average Compensation — Your final average compensation is the annual average of your highest consecutive 36-month base rate of compensation (or lesser period if applicable) during your last 120-month period of credited service.

Example:

<table>
<thead>
<tr>
<th>Period</th>
<th>Months</th>
<th>Annual Base Rate</th>
<th>Total Base Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/01/96-06/01/97</td>
<td>8</td>
<td>40,000</td>
<td>26,666</td>
</tr>
<tr>
<td>10/01/95-10/01/96</td>
<td>12</td>
<td>38,000</td>
<td>38,000</td>
</tr>
<tr>
<td>10/01/94-10/01/95</td>
<td>12</td>
<td>36,000</td>
<td>36,000</td>
</tr>
<tr>
<td>06/01/94-10/01/94</td>
<td>4</td>
<td>34,000</td>
<td>11,333</td>
</tr>
<tr>
<td></td>
<td>36</td>
<td></td>
<td>111,999</td>
</tr>
</tbody>
</table>

Final Average Annual Compensation:
$111,999 ÷ three years = $37,333

If you have been with the company for less than 36 months, your final average compensation will be calculated based on the actual months of credited service you have been with the company. If you are receiving disability benefits under both Social Security and the Ashland Inc. Long Term Disability Plan, the rate of base compensation in effect prior to the start of your disability will be used for each month of your disability.

**Compensation** — Compensation is your regular base salary, wages and commissions, including pre-tax contributions under the Ashland Savings Plan, Medical Plan, Dental Plan and Flexible Spending Accounts Plan. Commissions and other plan sponsor designated non-standard pay, which are considered part of your base salary or wages paid the previous calendar year, are added to compensation the following calendar year for plan purposes. Compensation does not include such special pay as severance pay, incentive bonuses, awards, overtime, shift premium or other allowances not included in your base compensation rate. This definition is also used for computing contribution and transition credits under the retirement growth account.

**Retirement Growth Account**

The section called *A Different Benefit Formula* describes the members whose benefit is calculated in whole or in part under the retirement growth account. All members with a retirement growth account receive contribution credits and interest credits. Some members also receive transition credits and an opening balance. The opening balance, contribution credits, interest credits and transition credits are described in the following provisions.

If you have a LESOP benefit the value of your retirement growth account is reduced by the value of your LESOP offset account. The offset is determined as of the last day of the calendar month before the value of the retirement growth account is determined. You may elect to transfer the LESOP offset account to the plan when you terminate employment to eliminate the reduction of your retirement growth account.

**Opening Balance**

If you were an employee and a plan member on June 30, 2003, with less than 10 years of continuous service, you ceased to accrue any benefit under the section entitled “Annuity Benefit” above. The Plan benefit you had accrued at that date was converted to a lump sum amount. That lump sum amount was your opening balance in your retirement growth account on July 1, 2003.

Specialized mathematicians called actuaries gave the plan the assumptions used to calculate your opening balance. The calculation is summarized as follows:

- Your normal retirement age benefit accrued to June 30, 2003, was determined. Your retirement age was assumed to be the later of when you would be age 65 or your actual age at June 30, 2003;
- Your age was considered to be the whole age you attained in calendar year 2003;
- An interest rate of 5.5 percent was used; and
- The GATT 2003 post-retirement mortality table was used.

If you have a benefit in the Ashland Inc. LESOP your opening balance assumed that your LESOP offset account was transferred to the plan. If you have a benefit under the terminated plan payable from the group annuity contract issued by the Metropolitan Life Insurance Company (GAC No. 8834-5), your opening balance was reduced by the value of that benefit.

In no event will your benefit be less than it was at June 30, 2003, using legally prescribed actuarial assumptions. That amount could be more than your opening balance. If that is the case, then you will not earn new benefit accruals until your contribution credits and interest credits exceed the difference between your opening balance and the lump sum present value of your benefit at June 30, 2003.

Effective January 1, 2011, the retirement growth account was frozen. No new benefits accrued after such date.
Contribution Credits
Effective January 1, 2011, the retirement growth account was frozen. No new contribution credits accrued after such date. Prior to January 1, 2011, your retirement growth account grows through contribution credits. The following table identifies your level of contribution credits.

<table>
<thead>
<tr>
<th>Age plus Continuous Service in Whole Numbers Projected to the End of the Plan Year</th>
<th>Contribution Credit as Percentage of Compensation during each Calendar Month of the Plan Year in which the Member is Eligible</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 30</td>
<td>3%</td>
</tr>
<tr>
<td>30-39</td>
<td>4%</td>
</tr>
<tr>
<td>40-49</td>
<td>5%</td>
</tr>
<tr>
<td>50-59</td>
<td>6%</td>
</tr>
<tr>
<td>60-69</td>
<td>7%</td>
</tr>
<tr>
<td>70-79</td>
<td>9%</td>
</tr>
<tr>
<td>80 or more</td>
<td>11%</td>
</tr>
</tbody>
</table>

Your continuous service and age are projected to the end of the plan year — September 30. The sum of continuous service and age is calculated in years and whole calendar months and is rounded down to the lower whole number. The contribution credit is calculated as a percentage of compensation for each month that you are eligible. The contribution credits for a plan year are the sum of the contribution credits for each month.

Contribution credits were credited as of each September 30, with one exception. If you were entitled to a distribution of your retirement growth account, then your contribution credits to that time were credited at the end of the month during which you became entitled to receive a distribution.

Interest Credits
An interest rate is determined before the beginning of each plan year. The plan year begins each October 1. The annual interest rate is equal to the average of United States one-year Treasury Constant Maturity Rates for the August before the beginning of the plan year to which the rate will apply plus one percentage point. There is, however, a minimum and a maximum that applies to this rate. The annual interest rate shall never be less than four percent nor greater than seven percent.

The amount of your retirement growth account as of the start of the plan year receives an interest credit at the end of each month it remains in the plan based on the annual interest rate for the plan year. Unlike contribution credits and transition credits, interest credits are credited to your account regardless of whether you remain employed in a group eligible for the plan. So long as your retirement growth account is in the plan it receives interest credits according to plan rules.

Transition Credits
Effective January 1, 2011, the retirement growth account was frozen. No new transition credits accrued after such date. Prior to January 1, 2011, if you were at least age 45 on June 30, 2003, when your opening account balance was determined, you are eligible for transition credits in addition to your contribution credits. Your age for this purpose is your age in whole years at June 30, 2003. The amount of your transition credit (if any) is fixed as of June 30, 2003. It never changes. Members who were not eligible for a transition credit on June 30, 2003, will never be eligible for a transition credit. The amount of the transition credit is determined under the following table.

<table>
<thead>
<tr>
<th>Whole Age at June 30, 2003</th>
<th>Transition Credit as Percentage of Compensation during each Calendar Month of the Plan Year in which the Member is Eligible</th>
</tr>
</thead>
<tbody>
<tr>
<td>45 to 49</td>
<td>3%</td>
</tr>
<tr>
<td>50 to 54</td>
<td>4%</td>
</tr>
</tbody>
</table>
Early Retirement Pension
If you qualify to retire early (as described in When You Can Retire), you may start receiving your pension on the first of any month after you terminate. You also may defer receiving a pension until your normal retirement date. Benefits begin after you elect to start them.

To the extent your benefit is calculated under the retirement growth account formula, your early retirement benefit is based on your account balance at the applicable time.

To the extent your benefit is calculated under the annuity formula, your early retirement pension is first calculated as a straight life annuity. This is based on your compensation and credited service up to the date you terminate employment. If you elect to receive payments before your normal retirement date, the amount of your payments may be reduced depending on your age when payments begin as shown on the following table. This reduction is made because you are expected to have a longer life expectancy during which you would receive payments from the plan.

<table>
<thead>
<tr>
<th>If Your Age When Retirement Payments Start Is:</th>
<th>You Will Receive This Percentage Of Your Plan Income:</th>
</tr>
</thead>
<tbody>
<tr>
<td>65</td>
<td>100</td>
</tr>
<tr>
<td>64</td>
<td>100</td>
</tr>
<tr>
<td>63</td>
<td>100</td>
</tr>
<tr>
<td>62</td>
<td>100</td>
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<td>61</td>
<td>97</td>
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<tr>
<td>60</td>
<td>94</td>
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<td>59</td>
<td>91</td>
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<td>88</td>
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<td>57</td>
<td>84</td>
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<td>56</td>
<td>80</td>
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<td>55</td>
<td>75</td>
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<td>54</td>
<td>68</td>
</tr>
<tr>
<td>53</td>
<td>62</td>
</tr>
<tr>
<td>52</td>
<td>56</td>
</tr>
<tr>
<td>51</td>
<td>51</td>
</tr>
<tr>
<td>50</td>
<td>46</td>
</tr>
</tbody>
</table>

The percentages shown above will be adjusted according to your actual age in years and months. For example, if your age is 61 years and four months at early retirement, the percentage is 98 percent.

Example:
John plans to retire early on his 60th birthday — five years before his normal retirement age. He has earned a benefit payable at age 65 of $10,800 a year, based on his pay and service at his early retirement date. John can elect to receive his pension any time before he attains age 65, but his pension will be reduced depending on his age when his payments begin. If he starts receiving his pension at age 60, his $10,800 benefit is reduced ($10,800 x 94 percent) to $10,152 a year ($846 a month). If he starts receiving his pension at age 61 years and four months, his $10,800 benefit is reduced to $10,584 ($10,800 x 98 percent).

Your benefit will be further reduced if you elect an option that continues benefits to a survivor after your death. This is described in Optional Forms Of Payment.

If you leave before you are eligible to receive early retirement benefits, you may qualify for a deferred vested pension (see the Vesting section).
**Early Pension For Sold Operations**

If you continue to work for a business unit that is sold and at the time of sale you would have qualified to retire early, you can start receiving your pension on the first day of any month after you terminate employment with the buyer.

Under the retirement growth account formula, your benefit is based on the amount of your account balance when you elect a distribution after you terminate employment with the buyer. Any applicable LESOP offset is calculated as of the last day of the month coincident with or next preceding the date of sale.

Under the annuity formula, your pension is calculated based on your compensation and credited service up to the date of sale. The annuity value of your LESOP offset account would be determined as of the last business day of the month coincident with or next preceding the date of sale. The amount of your payments may be reduced depending on your age when payments begin.

**Example:**

John is 56 at the time his business unit is sold. He has earned a benefit payable at age 65 of $12,000 per year based on his pay and service at the time of sale and the annuity value of his LESOP offset account is $400 per year. John continues to work for the buyer until age 61. He can start receiving his benefit at that time and his annual benefit would be reduced to $11,640 ($12,000 x 97 percent) assuming he transferred his pension sub-account in the LESOP to this plan. If John had not been eligible for an early retirement benefit at the time his unit was sold, his benefit would have been calculated under the schedule in the section on **Vesting**. In that event John would only be entitled to 76 percent of his age 65 benefit.

**Re-employment Of A Retired Member**

If you are re-employed in a group eligible to accrue benefits under the plan after you begin pension distributions, the payment of your pension benefit will be suspended. The suspension continues during your period of re-employment. You may elect to begin your pension payments when you terminate employment. Your future pension plan benefit payments will be actuarially reduced to take into account the prior benefits that were paid. You will, however, also receive credit for any additional benefits you accrued under the plan during your period of re-employment.

The Department of Labor has regulations describing the rules applicable to the suspension of benefits. These are at Section 2530.203-3 of the Code of Federal Regulations.

**TYPES OF RETIREMENT INCOME**

The plan provides different types of retirement income elections. Except for the mandatory cash out of benefits of $5,000 or less, a lump sum distribution option is only available under the retirement growth account formula. You cannot change your election after you start to receive retirement income payments.

**Automatic Form Of Payment**

Your retirement income will be paid in the following manner according to your marital status, unless you elect an option described in the **Optional Forms Of Payment** section.

*Not Married*

- If you are not married, the normal form of payment of the part of your benefit under the retirement growth account is a single lump sum payment of the account. You may elect to have the account converted to a straight life annuity benefit. Whenever the retirement growth account is paid in a form other than a single lump sum or straight life annuity, the account balance is first converted to a straight life annuity before converting it to the applicable form of benefit;
- If you are not married, the normal form of payment of the part of your benefit under the annuity formula is a straight life annuity; or
- A straight life annuity is paid in monthly payments for the rest of your life. When you die, payments stop. There is no payment after your death.
Married - 50 percent Joint And Survivor Annuity
If you are married when you retire, you will receive a 50 percent joint and survivor annuity with your spouse as beneficiary. This applies under both the retirement growth account formula and under the annuity formula. Under this form of payment, the amount otherwise payable to you is reduced during your lifetime. The amount of the reduction in your benefit to provide this continuation depends on both your age and the age of your spouse when you retire. After your death, monthly lifetime benefits equal to 50 percent of what was payable during your life are paid to your spouse. You may also elect to have this benefit paid as a 66 2/3 percent or 100 percent survivor benefit for your spouse.

Your beneficiary is the person you are married to at the time you retire. If that person is not alive at the time of your death, benefit payments stop.

Example:
Sam is married when he retires and his monthly pension is $670, reduced for the 50 percent joint and survivor annuity. After Sam's death, his wife, if living, will be entitled to a surviving spouse's benefit of $335 a month for her lifetime. If Sam's wife predeceases him, Sam continues to receive $670 a month for his life.

Optional Forms Of Payment
You may elect to have your retirement income paid under one of the optional methods of payment described in the following paragraphs. If you are married, you will need your spouse's notarized consent within 90 days before payments begin to elect a payment other than a spousal Joint and Survivor Annuity.

Your benefit under the prior terminated plan will be paid according to the election you make under this plan under the annuity formula.

- **Straight Life Annuity** — Under this form of payment, your pension is paid monthly for your lifetime only. Payments stop at your death;
- **Joint And Survivor Annuity** — Under this form of payment, you receive a reduced pension during your lifetime in order to provide 100 percent, 66-2/3 percent, or 50 percent of your reduced income to your joint annuitant. The amount of reduction in your benefit will depend on the percentage you choose to provide to your joint annuitant and the ages of you and your joint annuitant at the time you retire;
- **Period Certain Annuity** (10 Year Certain and Life) — This option provides you with a reduced benefit for the rest of your life, but guarantees payments of not less than 120 monthly payments. If you die before 120 monthly payments are made, your beneficiary will receive the computed value of the remainder of the guaranteed payments. If your beneficiary dies before receiving all of the remaining guaranteed payments, the computed value of the remainder of the guaranteed payments will be made to your beneficiary's estate. If your beneficiary dies before you and after the distribution of your benefit began, you may designate a new beneficiary to take any benefit payable if you die before you receive the first 120 monthly payments. If you die after receiving 120 monthly payments, no payment is made to your beneficiary; or
- **Lump Sum (only for retirement growth account)** — This option provides for an immediate, single sum distribution of the balance in your retirement growth account as of the last day of the month before the distribution. Nonetheless, if the legally required rate to calculate lump sum payments is less than four percent and if the interest credit rate is four percent for the plan year, the lump sum distribution could be larger than your account balance.

Examples Of Payments Under Different Options:
If both you and your spouse are age 61 at the time of your retirement, the following are examples of how the different pension options affect your monthly pension amount if your payments start at age 61.

<table>
<thead>
<tr>
<th>Annuity Option Elected</th>
<th>Your Monthly Lifetime Pension</th>
<th>Your Surviving Spouse's Lifetime Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life Income</td>
<td>$635.00</td>
<td>0</td>
</tr>
</tbody>
</table>


100 percent Joint And Survivor $508.69(1) $508.69
66-2/3 percent Joint And Survivor $544.83(1) $363.22
50 percent Joint And Survivor $564.89(1) $282.45
Period Certain (120 Payments Minimum) $599.31(1) $599.31(2)

1) If your spouse predeceased you, you would continue to receive that amount.

2) Payments to your surviving spouse would be limited so that not more than 120 monthly payments were made in total to both you and your spouse.

Choosing An Option
If you wish to elect an optional form of payment, you must do so before you begin receiving your benefit. You may change your election at any time prior to the date your payments are to begin. If your joint annuitant dies before payments to you begin, your election of that form of payment will be canceled and you can make another election. If you do not make another election, you will receive your pension in the form of a straight life annuity. If you should die before payments to you begin, your optional election will not become effective. Therefore, your surviving spouse would be entitled to the benefits described in the Pre-Retirement Death Benefits section.

Any change in your election which changes your spouse's benefit from the automatic form of payment to an optional form requires your spouse's notarized consent. Also, any changes among optional forms of benefit require your spouse's notarized consent, unless your spouse is your beneficiary and the change is between levels of survivor income payments under the joint and survivor income option.

VESTING
When your benefit is vested it is unforfeitable.

You have a vested right to your benefit at the normal retirement age. Under the annuity formula the normal retirement age is 65. Under the retirement growth account formula it is the later of age 65 or the date you have five continuous years of service under the plan.

You may also become vested in your benefit before normal retirement age. This may occur as follows:
- You have five years of continuous service; or
- You are eligible for early retirement as described in the section on Early Retirement.

If you leave the company after you are vested, but before you are eligible for normal or early retirement, you will be entitled to a deferred vested pension beginning at age 65. Under the annuity formula, your vested pension will be based on your credited service and plan compensation up to the time you leave the company. Under the retirement growth account formula, you will be entitled to your account balance valued as of the last day of the month before the distribution.

You may elect to have your payments start as early as age 55. If your benefit is under the annuity formula, the early payment reduction is as follows:

<table>
<thead>
<tr>
<th>If Your Age When Vested</th>
<th>You Will Receive This Percentage Of Your Plan Income:</th>
</tr>
</thead>
<tbody>
<tr>
<td>65</td>
<td>100</td>
</tr>
<tr>
<td>64</td>
<td>94</td>
</tr>
<tr>
<td>63</td>
<td>88</td>
</tr>
<tr>
<td>62</td>
<td>82</td>
</tr>
</tbody>
</table>
Your benefit will be reduced further if you elect an option that continues benefits to a survivor after your death.

The automatic form of payment (refer to the Types of Retirement Income section) also applies to vested benefits and is determined according to your marital status when your benefits start. If you are married, you may need your spouse's notarized consent to choose an optional payment method.

On September 30, 1986, you became vested in your accrued benefit under the prior terminated plan regardless of your years of service, if:
• You were a member of that plan on that date; or
• You had been a member within the 12-month period prior to that date, but terminated employment for reasons other than death.

Forfeiture of Nonvested Benefit
If you leave employment before you are vested in your benefit, the credited service you had when you left is forfeited. However, if you are re-employed before incurring a break in service (see Break in Service And Repayment Of Lump Sum Distributions section), your credited service, and the benefit attributable to such credited service, will be restored.

Vested Pension For Sold Operations
If you continue to work for a business unit that is sold and at the time of sale you would have qualified for a deferred vested pension, you can start receiving a reduced pension under the annuity formula as early as age 55, but not before you terminate employment with the buyer. Your pension is calculated based on your compensation and credited service up to the date of sale. The annuity value of your LESOP offset account would be determined as of the last business day of the month coincident with or next preceding the date of sale. The amount of any reduction depends on your age when payment begins. Under the retirement growth account formula, your benefit is based on the amount of your account balance when you elect a distribution after you terminate employment with the buyer. Any applicable LESOP offset is calculated as of the last day of the month coincident with or next preceding the date of sale.

PRE-RETIREMENT DEATH BENEFITS

A pre-retirement surviving spouse's benefit is payable to your surviving spouse:
• if you die before receiving any benefit payments under the plan;
• at a time when you have a vested benefit; and
• if you are married at the time of your death.

This benefit also applies to any annuity you are entitled to receive from the prior plan.

Benefit Amount

Annuity Formula
The amount of the monthly benefit payable to your surviving spouse will be equal to 50 percent of the reduced benefit you would have been eligible to receive if you had:
• terminated employment on the date you died (unless you actually terminated prior to your death);
• survived and retired on the earliest date you could receive your pension; and
• elected a form of payment which provides 50 percent of your pension income to your spouse.
The pension will be paid to your surviving spouse for life beginning on the first day of the month following your death, but not before the date you would have been first eligible to receive a pension.

Example:
Tony is married, has five years of continuous service and dies at age 50. Had he lived he would have been entitled to commence early retirement income payments at age 55. Based on his pay and service at his date of death, Tony's age 55 benefit would have been $300 a month reduced for the 50 percent joint and survivor benefit and early retirement. His wife will be entitled to a surviving spouse's benefit of $150 a month for her lifetime, beginning on the date Tony would have been entitled to receive age 55 benefits.

Retirement Growth Account Formula
The pre-retirement survivor annuity rules generally apply to the part of a member's benefit payable under the retirement growth account formula the same as they do to the annuity formula. There are some differences.

The surviving spouse’s pre-retirement survivor annuity benefit is calculated based on the entire balance of the retirement growth account. The account balance is reduced by the value of the LESOP offset account determined as of the last day of the month before the member's death. The offset cannot reduce the retirement growth account by more than 50 percent.

The surviving spouse does not have to take the benefit as a straight life annuity. The surviving spouse may elect to receive the benefit as a single lump sum payment.

Death Benefit
There is no pre-retirement death benefit under the annuity formula other than the pre-retirement survivor annuity for the surviving spouse. If a single member dies with a vested benefit the benefit is forfeited.

The rule is different for the retirement growth account. If a single member dies with a vested benefit in the retirement growth account, the account balance will be paid to the deceased member’s designated beneficiary. The benefit is paid in a single lump sum and must be paid by the end of the calendar year in which falls the fifth anniversary of the member’s death. If no beneficiary is designated, the benefit is paid to the member’s estate.

CLAIM PROCEDURES

How To Apply For Benefits
To apply for your benefit under this plan or your prior plan benefits, you must complete the appropriate forms and return them to the Employee Benefits Department in Lexington, Kentucky.

Upon request, the company will furnish you a description of the retirement income options and an estimate of your benefit under each of them. You can call the Ashland HR Service Center at 1-800-782-4669 for the description.

Notice of Claim Denial/Right of Appeal

Initial Claim – Notice of Denial
Written notification of a denied claim will be delivered to the claimant in a reasonable period, but not later than 90 days after the claim is received. The 90-day period can be extended under special circumstances. If special circumstances apply, the claimant will be notified before the end of the 90-day period after the claim was received. The notice will identify the special circumstances. It will also specify the expected date of the decision. When special circumstances apply, the claimant must be notified of the decision not later than 180 days after the claim is received.

The written decision will include:
- The reasons for the denial;
Reference to the plan provisions on which the denial is based. The reference need not be to page numbers or to section headings or titles. The reference only needs to sufficiently describe the provisions so that the provisions could be identified based on that description;

A description of additional materials or information needed to process the claim. It will also explain why those materials or information are needed; and

A description of the procedure to appeal the denial, including the time limits applicable to those procedures. It will also state that the claimant may file a civil action under section 502 of the Employee Retirement Income Security Act of 1974 (ERISA – §29 U.S.C. 1132). The claimant must complete the plan’s appeal procedure before filing a civil action in court.

If the claimant does not receive notice of the decision on the claim within the prescribed time periods, the claim is deemed denied. In that event the claimant may proceed with the appeal procedure described below.

**Appeal of Denied Claim**

The claimant may file a written appeal of a denied claim with the Plan Administrator in Lexington, Kentucky. Ashland Inc. is the named fiduciary under ERISA for purposes of the appeal of the denied claim. Ashland Inc. has delegated its authority to the Ashland Inc. Benefit Appeals Panel (Panel). The Panel has authority to further delegate some of its authority. The appeal must be sent at least 60 days after the claimant received the denial of the initial claim. If the appeal is not sent within this time, then the right to appeal the denial is waived.

The claimant may submit materials and other information relating to the claim. The Panel (or its delegate) will appropriately consider these materials and other information, even if they were not part of the initial claim submission. The claimant will also be given reasonable and free access to or copies of documents, records and other information relevant to the claim.

Written notification of the decision on the appeal will be delivered to the claimant in a reasonable period, but not later than 60 days after the appeal is received. The 60-day period can be extended under special circumstances. If special circumstances apply, the claimant will be notified before the end of the 60-day period after the appeal was received. The notice will identify the special circumstances. It will also specify the expected date of the decision. When special circumstances apply, the claimant must be notified of the decision not later than 120 days after the appeal is received.

Special rules apply if the company or the Panel designates a committee as the appropriate named fiduciary for purposes of deciding appeals of denied claims. For the special rules to apply, the committee (or the Panel if it functions as such a committee) must meet regularly on at least a quarterly basis.

When the special rules for committee meetings apply, the decision on the appeal must be made not later than the date of the committee meeting immediately following the receipt of the appeal. If the appeal is received within 30 days of the next following meeting, then the decision must not be made later than the date of the second committee meeting following the receipt of the appeal.

The period for making the decision on the appeal can be extended under special circumstances. If special circumstances apply, the claimant will be notified by the committee or its delegate before the end of the otherwise applicable period within which to make a decision. The notice will identify the special circumstances. It will also specify the expected date of the decision. When special circumstances apply, the claimant must be notified of the decision not later than the date of the third committee meeting after the appeal is received.

In any event, the claimant will be provided written notice of the decision within a reasonable period after the meeting at which the decision is made. The notification will not be later than five days after the meeting at which the decision is made.

Whether the decision on the appeal is made by a committee or not, a denial of the appeal will include:

- The reasons for the denial;
- Reference to the plan provisions on which the denial is based. The reference need not be to page numbers or to section headings or titles. The reference only needs to sufficiently describe the provisions so that the provisions could be identified based on that description;
- A statement that the claimant may receive free of charge reasonable access to or copies of documents, records and other information relevant to the claim; and
- A description of any voluntary procedure for an additional appeal, if there is such a procedure. It will also state that the claimant may file a civil action under Section 502 of the Employee Retirement Income Security Act of 1974 (ERISA – §29 U.S.C. 1132).

If the claimant does not receive notice of the decision on the appeal within the prescribed time periods, the appeal is deemed denied. In that event the claimant may file a civil action in court.

Special Rules

Limitations Period. No civil action against the plan, the company, the plan sponsor, the plan administrator, a plan fiduciary or any party related to any of the foregoing may be filed in any civil court by or on behalf of any person or individual later than the third anniversary of the earlier of:

- The expiration of the date for filing an appeal of a denied claim; or
- The date such person or individual knew or should have known of the action, omission, commission or other event or circumstance alleged to have caused harm or been in breach or violation of the plan, ERISA or other applicable law.

Venue Limitation. Any civil action brought against the plan, the company, the plan sponsor, the plan administrator, a plan fiduciary or any party related to any of the foregoing may only be filed with the appropriate court located in Lexington, Kentucky.

Attorneys’ Fees. Any recovery in a civil action brought against the plan, the company, the plan sponsor, the plan administrator, a plan fiduciary or any party related to any of the foregoing that is:

- payable from plan assets;
- payable directly or indirectly as benefits from the plan;
- measured with reference to what benefits from the plan should or should have been;
- obtained on behalf of the plan; or
- obtained on behalf of members or beneficiaries
shall not be subject to reduction for attorneys’ fees except as could permissibly be calculated under ERISA section 502(g). Additionally, the amount of any recovery shall not be subject to any make whole doctrine or common fund doctrine if one or both of them were relevant under the circumstances.

PLAN INFORMATION

Plan Sponsor/Administrator
Ashland Inc. is the plan sponsor and administrator. The address and telephone number are:

Ashland Inc.
Employee Benefits Department
P.O. Box 14000
Lexington, KY 40512
1-800-782-4669

Upon written request to the plan administrator, information may be provided as to whether a particular company has adopted the plan and the address of such a company if it has adopted the plan.

Collective Bargaining Agreements - Certain collective bargaining units are eligible to participate in this plan. You may review the collective bargaining agreement applicable to your group and/or request a copy from the appropriate individual at your work location.

Plan Identification
The Ashland Hercules Pension Plan is a trusted, defined benefit plan providing retirement and survivor benefits. It is identified by the following numbers under IRS rules:
• The Employer Identification Number assigned by the IRS is 20-0865835
• The Plan Number assigned to the plan is 102

Plan Year
For recordkeeping purposes, the plan year is October 1 to the following September 30.

Trust Fund
Plan assets are held in a trust fund established for plan purposes under the terms of a trust agreement. The name and address of the Trustee are:

Mellon Trust of New England, N. A.
135 Santilli Highway
Everett, MA 02149

The prior terminated plan is funded by a group annuity contract issued by Metropolitan Life Insurance Company.

Legal Service
Service of legal process may be made upon the Secretary of Ashland Inc., 50 E. RiverCenter Boulevard, P. O. Box 391, Covington, KY 41012-0391. Legal process may also be served on the Trustee.

Participants’ Rights
As a participant in the plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all plan participants shall be entitled to:

• Examine without charge at the plan administrator's office and at various work sites all plan documents including insurance contracts, collective bargaining agreements and copies of all documents filed by the plan with the U.S. Department of Labor, such as annual reports and plan descriptions;
• Obtain copies of all plan documents and other plan information upon written request to the plan administrator. There will be a charge of $.10 per page for these documents and you will be required to furnish a personal check, payable to Ashland Inc., covering the photocopying cost prior to receiving such copies;
• Receive a summary of the plan's annual financial report. The plan administrator is required by law to furnish each participant with a copy of this summary financial report;
• Obtain, once a year, a statement of the total pension benefits accrued and the nonforfeitable (vested) pension benefits (if any), or the earliest date on which benefits will become nonforfeitable (vested). This information will be furnished upon receipt of your written request to the plan administrator; and
• File suit in a federal court if any materials requested are not received within 30 days of your request, unless the materials were not sent because of matters beyond the control of the plan administrator. The court may require the plan administrator to pay up to $110 for each day’s delay until the materials are received.

In addition to creating rights for plan participants, ERISA imposes obligations upon the persons who are responsible for the operation of the employee benefit plan. These persons are referred to as "fiduciaries" under the law. Fiduciaries must act solely in the interest of plan participants and they must exercise prudence in the performance of their plan duties. Fiduciaries who violate ERISA may be removed and required to make good any losses they have caused the plan.

Your employer may not fire or discriminate against you to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

If you are improperly denied a benefit, in full or in part, you have a right to file suit in federal or state court. If plan fiduciaries are misusing the plan's money, you have a right to file suit in a federal court or request assistance from the U.S. Department of Labor. If you are successful in your lawsuit, the court may, if it so decides, require the other party to pay your legal costs, including attorney's fees.
If you have any questions about this statement or your rights under ERISA, you should contact the plan administrator or the nearest Office of the Pension and Welfare Benefits Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Pension and Welfare Benefits Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C. 20210.

Plan Interpretation/Administration
The plan administrator has all necessary, appropriate, and convenient discretion, power and authority to interpret, administer and apply the provisions of the plan with respect to all persons having or claiming to have any rights, benefits, entitlements or obligations under the plan. This includes, without limitation, the ability to make factual determinations, construe and interpret provisions of the plan, reconcile any inconsistencies between provisions in the plan or between provisions of the plan and any other statement concerning the plan, whether oral or written, supply any omissions to the plan or any document associated with the plan, and to correct any defect in the plan or in any document associated with the plan. All such factual determinations and interpretations of the plan and documents associated with the plan and questions concerning its administration and application as determined by the plan administrator shall be binding on all persons having an interest under the plan.

The plan administrator may employ one or more persons to render advice with respect to its fiduciary responsibilities. The plan administrator may also delegate fiduciary responsibilities to one or more persons who shall have the right to employ one or more persons to render advice with respect to its fiduciary duties. There is no restriction on any person serving in more than one fiduciary capacity under the plan.

Plan Amendment/Termination
The plan sponsor, by action of its board of directors or the board's delegate (pursuant to resolution, by-law, or otherwise), reserves the right, in its sole discretion, to amend, suspend, modify, interpret, discontinue or terminate the plan or change the funding method at any time without the requirement to give cause or consideration to any individual. No accounting treatment or funding of the plan shall be deemed evidence of an intent to limit in any way the right to amend or terminate the plan.

Top-Heavy Provisions
There are provisions in the plan that go into effect if the plan should ever show an imbalance in benefits for company officers. A more detailed explanation of these provisions will be provided in the extremely unlikely event they should ever go into effect.

PBGC Insurance
Benefits under this plan are insured by the Pension Benefit Guaranty Corporation (PBGC) if the plan terminates. Generally, the PBGC guarantees most vested normal retirement age benefits, early retirement benefits, and certain survivor's pensions. However, the PBGC does not guarantee all types of benefits under covered plans, and the amount of benefit protection is subject to certain limitations.

The PBGC guarantees vested benefits at the level in effect on the date of plan termination. However, if a plan has been in effect less than five years before it terminates, or if benefits have been increased within the five years before plan termination, the whole amount of the plan's vested benefits or the benefit increase may not be guaranteed. In addition, there is a ceiling on the amount of monthly benefit that the PBGC guarantees, which is adjusted periodically.

For more information on the PBGC insurance protection and its limitations, contact the PBGC. Inquiries to the PBGC should be addressed to the Office of Communications and Public Affairs, PBGC, 1200 K Street, N.W., Washington, D.C. 20005-4026. The PBGC may also be reached by calling 1-800-400-7242.

Assignment of Benefits
Benefits under the plan cannot be assigned, except as may be allowed under Internal Revenue Code section 401(a)(13). You may not pledge or otherwise transfer your right to receive benefits with one exception. If, as a result of a divorce, you are responsible for child support, alimony or marital property rights payments, all or a portion of your plan benefit could be assigned to meet these payments under a
qualified domestic relations order. The plan administrator has procedures and a model order that are used in connection with reviewing an order to determine whether it is qualified under federal law. You can get a copy of these materials by calling the Ashland HR Service Center at 1-800-782-4669.

**Authority to Delegate**

The plan administrator may employ one or more persons to render advice with respect to its fiduciary responsibilities. The plan administrator may also delegate fiduciary responsibilities to one or more persons who shall have the right to employ one or more persons to render advice with respect to its fiduciary duties. There is no restriction on any person serving in more than one fiduciary capacity under the plan.

**Elections and Notices**

An election, designation, notice or other correspondence made regarding coverage under the plan shall not be effective unless it is made both in writing and received by the plan administrator (or its delegate), except as otherwise provided under the terms of the plan or by the plan administrator.

**Applicable Law**

This plan shall be construed and enforced according to the laws of the Commonwealth of Kentucky, to the extent that Kentucky law is not pre-empted by federal law.

**DREW SUPPLEMENT TO THE ASHLAND HERCULES PENSION PLAN SUMMARY PLAN DESCRIPTION**

This brochure supplements the Ashland Inc. Pension Plan booklet for those who were participants in the Drew Chemical Pension Plan on September 30, 1987.

**TWO PENSION PLANS COMBINED**

If you were a participant in the Drew Chemical Pension Plan on September 30, 1987, you automatically became a participant in the Ashland Pension Plan on October 1, 1987. Your total pension is the sum of your Drew pension benefits for service before October 1, 1987 and your Ashland pension benefits, including any offset for your LESOP offset account for service after September 30, 1987.

**When You Can Retire**

When you can retire is described in the Ashland Pension booklet. There are no special rules as to when you can retire because you had service under the Drew Pension Plan.

**Portion of Normal Retirement Pension for Drew Service**

For credited service earned to September 30, 1987, the Drew pension is:

0.88 percent of final average compensation (up to “covered compensation”) times credited service to September 30, 1987, plus 1.3 percent of final average compensation (in excess of “covered compensation”) times credited service to September 30, 1987.

Your final average compensation for this purpose is the same as for the Ashland pension formula. It is the annual average of your highest consecutive 36-month base rate of compensation (or lesser period if applicable) during your last 120-month period of credited service. See the Ashland Pension Plan booklet for an example of how final average compensation is calculated.

“Covered compensation” for this purpose is the average Social Security taxable wage base throughout that period of time taken into account for determination of a person’s Social Security benefit (generally 33 to 35 years). Therefore, “covered compensation” differs by birth year and changes from year-to-year, as does the Social Security wage base which underlies it. Each year the IRS publishes an updated table of “covered compensation.” The table for 2004 is below.
There is an alternative benefit that applies if it is larger than the benefit under the formula described above. Under this alternative formula, for credited service earned to September 30, 1987, the Drew pension is:

1.5 percent of final average compensation at September 30, 1987, under the terms of the Drew pension then existing, times credited service to normal retirement date not greater than 40 years under the terms of the Drew pension then existing, minus 1.5 percent of the primary Social Security benefit at September 30, 1987, under the terms of the Drew pension then existing, times credited service to September 30, 1987 (up to 33 1/3), under the terms of the Drew pension then existing.

The accrued benefit at a particular time is computed by multiplying the above by a fraction. The numerator is the credited service the individual had at September 30, 1987 and the denominator is the total credited service to the normal retirement date. There is no limit on service in this fraction.

Whichever formula applies, it is reduced by the frozen Drew benefit payable from the Metropolitan Life Insurance Company (Contract No. 8834-5). After accounting for this reduction, the amount of the Drew pension is added to the benefit you earned in the Ashland pension since October 1, 1987. The sum of these amounts is your total pension. The Ashland early retirement reduction schedule applies to the total pension. Also, the optional forms of benefit described in the Ashland Pension Plan booklet apply to your Drew pension.

### 2004 Rounded Covered Compensation

<table>
<thead>
<tr>
<th>Year of Birth</th>
<th>Covered Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1937</td>
<td>39,000</td>
</tr>
<tr>
<td>1938-1939</td>
<td>45,000</td>
</tr>
<tr>
<td>1940</td>
<td>48,000</td>
</tr>
<tr>
<td>1941</td>
<td>51,000</td>
</tr>
<tr>
<td>1942-1943</td>
<td>54,000</td>
</tr>
<tr>
<td>1944</td>
<td>57,000</td>
</tr>
<tr>
<td>1945-1946</td>
<td>60,000</td>
</tr>
<tr>
<td>1947</td>
<td>63,000</td>
</tr>
<tr>
<td>1948-1949</td>
<td>66,000</td>
</tr>
<tr>
<td>1950-1951</td>
<td>69,000</td>
</tr>
<tr>
<td>1952-1953</td>
<td>72,000</td>
</tr>
<tr>
<td>1954</td>
<td>75,000</td>
</tr>
<tr>
<td>1955-1956</td>
<td>78,000</td>
</tr>
<tr>
<td>1957-1960</td>
<td>81,000</td>
</tr>
<tr>
<td>1961-1963</td>
<td>84,000</td>
</tr>
<tr>
<td>1964-1967</td>
<td>87,000</td>
</tr>
<tr>
<td>1968 and later</td>
<td>87,900</td>
</tr>
</tbody>
</table>

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**FREEDOM SUPPLEMENT TO THE ASHLAND HERCULES PENSION PLAN SUMMARY PLAN DESCRIPTION**

This Freedom supplement provides information about your benefit in the Ashland Hercules Pension Plan (the “Plan”) that is in addition to the information in the main part of this summary plan description (“SPD”). This additional information describes how the plan applies to employees in the Paper, Allied-Industrial, Chemical and Energy Workers International Union Local No. 2-623, located in Freedom, Pennsylvania.

This supplement will not repeat what is already described in the main part of this SPD. The terms in the main part of the SPD apply to you except as otherwise provided in this supplement.

The plan contains a career average, final average pay and minimum benefit formula for members whose benefit is not determined under the retirement growth account formula. If your benefit is not computed under the retirement growth account formula, you receive the largest retirement income benefit derived from these formulas.
Retirement Income Formulas
Effective January 1, 1999, your retirement benefit was transferred from the Retirement Plan of Ashland Inc. (and its immediate successor, the Freedom Retirement Plan, both of which are referred to as the Retirement Plan of Ashland Inc.) to the Ashland Hercules Pension Plan. At the same time, the benefit formulas were changed. Employees who were members of Local Number 2-623, located in Freedom, Pennsylvania, will receive the larger of a career average formula (as taken from the Retirement Plan of Ashland Inc.) or a final average pay formula (part of which is taken from the Retirement Plan of Ashland Inc.). Employees who were not members of that local on December 31, 1998, will receive a benefit under the new final average pay formula.

If your benefit is calculated under the retirement growth account formula, the benefit you had on June 30, 2003, was converted to that formula.

Contributions
After May 1, 1970, members were neither required nor permitted to make contributions to the plan. Contributions made prior to that date remain in the plan. The company makes all contributions to the plan.

Credited Service
The definition of credited service is in the main part of this SPD. This provision describes additional terms that apply to you. In addition to the terms in the main part of this SPD, credited service is generally calculated from the date you become a member of this plan or, for those who were members of Local Number 2-623 (Freedom, Pennsylvania) on January 1, 1999, from the date you became a member of the Retirement Plan of Ashland Inc. until the date you retire, terminate employment or otherwise become ineligible to accumulate further retirement income benefits. You may receive additional credited service for the period you receive benefits under both the company’s Long Term Disability (LTD) Plan and from Social Security Disability program. This additional credited service begins no earlier than January 1, 1999.

Retirement Income Benefits
This section describes how your retirement income is determined if your benefit is not computed under the retirement growth account formula. Your benefits under this plan are in addition to your Social Security benefits.

If you were a member of Local Number 2-623 (Freedom, Pennsylvania) on December 31, 1998, the plan contains two different benefit formulas under which your retirement income is calculated. The first is the career average formula. The second is the final average pay formula. You receive the larger amount. If you become a member of Local Number 2-623 (Freedom, Pennsylvania) on or after January 1, 1999, your benefit is determined under the final average pay formula. Please remember that the retirement growth account formula applies to a member who meets any of the following:
- Employees who were plan members on June 30, 2003, with less than 10 years of continuous service;
- Employees who first become plan members after June 30, 2003; or
- Employees who were not employed with the company on June 30, 2003, and who are rehired after that date and become members of the plan. This applies to the rehire of a member even if that member had 10 or more years of continuous service before leaving employment with the company. Such a member will have a benefit computed under at least two formulas. One is the retirement growth account for employment after June 30, 2003. The other is under the formula that applied to the benefit earned before leaving employment before June 30, 2003. The total benefit for such a member is the sum of the benefits produced by each formula.

Career Average
The "career average" formula relates directly to your base pay during each year of your participation in the plan. Your retirement benefits under this formula are accumulated through the payroll process and, as a result, your accrued benefit grows due to any increase in your base pay rate or additional service.

The present career average formula became effective on October 1, 1989. For each year of participation, your accrued benefit is credited with retirement income benefits in accordance with the following formula:
1.83 percent of your base annual pay rate up to $6,600 for each year of participation in this plan or the Retirement Plan of Ashland Inc. plus 2.25 percent of your base annual pay rate in excess of $6,600 for each year of participation in this plan or the Retirement Plan of Ashland Inc.

Following is an illustration of how the career average formula would apply over a five-year period of participation using the assumed base pay rates indicated:

<table>
<thead>
<tr>
<th>Year</th>
<th>Base Pay</th>
<th>Annual Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$25,000</td>
<td>1.83% x $6,600 + 2.25% x $18,400 = $534.78</td>
</tr>
<tr>
<td>2</td>
<td>$26,000</td>
<td>1.83% x $6,600 + 2.25% x $19,400 = $557.28</td>
</tr>
<tr>
<td>3</td>
<td>$27,000</td>
<td>1.83% x $6,600 + 2.25% x $20,400 = $579.78</td>
</tr>
<tr>
<td>4</td>
<td>$28,300</td>
<td>1.83% x $6,600 + 2.25% x $21,700 = $609.03</td>
</tr>
<tr>
<td>5</td>
<td>$29,500</td>
<td>1.83% x $6,600 + 2.25% x $22,900 = $636.03</td>
</tr>
</tbody>
</table>

During each year of participation, this formula is applied to your base pay rate to produce an ANNUAL retirement income benefit. Your retirement or vested benefit is the sum of the annual benefit amounts accumulated during your years of participation in the plan, provided this amount is greater than the benefit derived from the other formula. This career average formula applies to you only if you were a member of Local Number 2-623 (Freedom, Pennsylvania) on December 31, 1998.

Under limited circumstances, a minimum benefit may apply in place of the benefit derived from the career average formula. That benefit produces an annual benefit equal to the product of $168 and the member's years of continuous service completed before January 1, 1999. The annual benefit so produced is reduced by the annual career average benefit that would have been derived for the period between the earliest date the individual could have become a member and the date the individual did become a member.

Final Average Pay
For purposes of this formula, the "final average compensation" is as follows:

For participation prior to January 1, 1999 (portion A of formula), your final average compensation is the average of your base annual pay rates in effect on April 1 during the highest consecutive three calendar years out of the last ten calendar years prior to the year of your actual retirement or separation from employment.

Example:
June 1, 1999 Retirement
Highest Three
Consecutive Annual
Calendar Years Base Rate
May 1, 1998 $28,300
May 1, 1997 $27,000
May 1, 1996 $26,000
$81,300 ÷ 3 years = $27,100
(Final Average Compensation)

For participation from January 1, 1999 (portion B of formula), your final average compensation is the annual average of your base annual pay rates in effect on the first day of each month during the highest consecutive 36 calendar months (or lesser period, if applicable) out of the last 120 calendar months prior to your actual retirement or separation from employment.

Example:
June 1, 1999 Retirement
Effective for those who retire on or after January 1, 1999, the Final Average Pay formula is the sum of (A) and (B).

(A) 1.25 percent of the member's "final average compensation" times the member's years of participation in the Retirement Plan of Ashland Inc. to December 31, 1998

Plus

(B) 1.08 percent of the member's "final average compensation" up to $10,700, plus 1.50 percent of the member's "final average compensation" in excess of $10,700 times the member's years of participation in the plan from January 1, 1999.

A member's total years of plan participation under both (A) and (B) above cannot exceed 35 years and do not include service prior to the date the member was eligible for membership in the plan or, for those who were members of Local Number 2-623 (Freedom, Pennsylvania), prior to the date the member was eligible for membership in the Retirement Plan of Ashland Inc. If a member's years of participation in the plan must be reduced to comply with the 35 year maximum, the reduction will occur in the (A) portion of the formula.

To illustrate the final average pay formula, assume that a member retires on June 1, 1999, at age 65 and has been a participant in this plan and the Retirement Plan of Ashland Inc. for a total of 30 years (29.58 years participation to December 31, 1998, and .42 years participation from January 1, 1999 to May 31, 1999). The final average compensation for participation prior to January 1, 1999, (portion A) is $27,100 and the final average compensation for participation from January 1, 1999, (portion B) is $27,877.

(A) $27,100 x 1.25% = $338.75 x 29.58 yrs = $10,020.23

Plus

(B) $10,700 x 1.08% = $115.56

Plus

$17,177 x 1.5% = $257.66

$373.22 x 0.42 yrs = $156.75

Annual Normal Retirement Allowance = $10,176.98

Transfers Out of Eligible Group

When you transfer out of the Eligible Group, your benefit service will be "frozen" on the date of your transfer. For purposes of the final average pay formula, your base pay while employed by the company or an affiliate will be taken into account even though you are not employed in the Eligible Group.

For example, assume you had 12 years under the Retirement Plan of Ashland Inc. at January 1, 1999, when your benefit was transferred to this plan. After three more years under this plan you become a salaried supervisor. At the time you became a supervisor, your career average benefit was frozen. You will not accrue any additional benefit under the career average formula while you are a supervisor. You would, of course, be earning additional benefits under the final average pay formula because the final average pay formula for supervisors is the same as your final average pay formula.

Form of Distribution

The rules relating to the distribution of your benefit are the ones described in the main part of this SPD for the annuity benefit.
**Death Benefits**

The provisions about death benefits under the annuity benefit in the main part of the SPD generally apply to the death benefit that applies to the benefit described in this supplement to the SPD. Like the annuity benefit, there is no death benefit if you die before you begin lifetime distributions, unless you are married at death and have a vested right to your benefit at your death. In that event, a pre-retirement survivor annuity is payable to your surviving spouse. The pre-retirement survivor annuity is calculated as described in the main part of this SPD.

The death benefits provisions that apply to you became effective on February 1, 1986. This death benefit is provided at no cost to you for coverage after that date. Prior to February 1, 1986, similar protection was available on an optional basis to members age 55 and over. There was a charge for that protection in the form of reduced retirement income for members who elected the optional preretirement death benefit protection. While the charge was eliminated effective February 1, 1986, it will continue to apply to a member's benefit for coverage in effect prior to that date.