

ASHLAND INC.
Form 11-K
June 28, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 11-K

FOR ANNUAL REPORTS OF EMPLOYEE STOCK
PURCHASE, SAVINGS AND SIMILAR PLANS
PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

(Mark One):

- ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2009

OR

- TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 1-32532

- A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

ASHLAND INC. EMPLOYEE SAVINGS PLAN

- B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

ASHLAND INC.

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50 E. RiverCenter Boulevard
P.O. Box 391
Covington, Kentucky 41012-0391

Telephone Number (859) 815-3333

Ashland Inc. Employee Savings Plan

Financial Statements and Schedule

December 31, 2009 and 2008 and
for the year ended December 31, 2009

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

Report of Independent Registered Public Accounting Firm

To the Participants and Administrator of the
Ashland Inc. Employee Savings Plan

In our opinion, the accompanying statement of net assets available for benefits and the related statement of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of the Ashland Inc. Employee Savings Plan (the "Plan") at December 31, 2009, and the changes in net assets available for benefits for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ PricewaterhouseCoopers LLP

Cincinnati, Ohio
June 28, 2010

Report of Independent Registered Public Accounting Firm

The Administrator
Ashland Inc. Employee Savings Plan

We have audited the accompanying statement of net assets available for benefits of Ashland Inc. Employee Savings Plan as of December 31, 2008. This financial statement is the responsibility of the Plan's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2008, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Cincinnati, Ohio
June 22, 2009

ASHLAND INC. EMPLOYEE SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

| | December 31 | |
|---|----------------|----------------|
| | 2009 | 2008 |
| Assets | | |
| Investments, at fair value | | |
| Common stock | \$ 123,469,431 | \$ 29,044,753 |
| Shares of registered investment companies | 561,529,410 | 443,064,892 |
| Common/collective trust | 10,450,807 | 8,354,419 |
| Short-term investment fund | 4,546,705 | 7,721,328 |
| Investment contracts | 194,541,114 | 162,217,606 |
| Participant loans receivable | 16,052,571 | 15,028,203 |
| | 910,590,038 | 665,431,201 |
| Receivables | | |
| Contributions | - | 1,296,214 |
| Receivable for pending transactions | 88,530,423 | - |
| Proceeds from sales of securities | 612,819 | 77,331 |
| | | |
| Total assets | 999,733,280 | 666,804,746 |
| Liabilities | | |
| Payable for pending transactions | 89,322,079 | - |
| Accrued expenses | 551,749 | 460,868 |
| | | |
| Total liabilities | 89,873,828 | 460,868 |
| | | |
| Net assets available for benefits at fair value | 909,859,452 | 666,343,878 |
| | | |
| Adjustment from fair value to contract value for fully benefit-responsive investment contracts | (11,492,015) | 12,034,051 |
| | | |
| Net assets available for benefits | \$ 898,367,437 | \$ 678,377,929 |

See accompanying notes.

ASHLAND INC. EMPLOYEE SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

Year Ended December 31, 2009

Additions to net assets attributed to:

Investment income

| | |
|--|---------------|
| Dividends | \$ 12,761,196 |
| Interest | 8,079,830 |
| Net realized and unrealized appreciation in fair value of investments | 219,276,675 |
| Contributions | |
| Participants | 23,992,869 |
| Employer | 15,178,040 |
| Rollover | 2,571,925 |
| Transfers from other plans | 819,994 |

| | |
|-----------------|-------------|
| Total additions | 282,680,529 |
|-----------------|-------------|

Deductions from net assets attributed to:

| | |
|-------------------------------|---------------|
| Benefits paid to participants | (61,919,039) |
| Administrative expenses | (771,982) |

| | |
|------------------|---------------|
| Total deductions | (62,691,021) |
|------------------|---------------|

| | |
|---------------------------|-------------|
| Net change in plan assets | 219,989,508 |
|---------------------------|-------------|

| | |
|--|-------------|
| Net assets available for benefits, beginning of year | 678,377,929 |
|--|-------------|

| | |
|--|----------------|
| Net assets available for benefits, end of year | \$ 898,367,437 |
|--|----------------|

See accompanying notes.

ASHLAND INC. EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE A – DESCRIPTION OF THE PLAN

The following description of the Ashland Inc. Employee Savings Plan (Plan) provides only general information. 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), 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 contributory, defined contribution plan and covers active regular employees in groups designated by Ashland, the Plan sponsor, as eligible to participate in accordance with Plan documents. The Plan is intended to qualify under sections 401(a), 401(k), and 401(m) of the Internal Revenue Code (IRC), and under section 404(c) of ERISA.

Contributions

Participants may make pre-tax contributions, pursuant to the terms of the Plan and Section 401(k) of the IRC. The Plan utilizes a safe harbor design under Section 401(k)(12) of the IRC. The Plan does not allow participants to make after-tax contributions. Ashland and its participating subsidiaries also make matching contributions related to participant contributions, subject to applicable limitations in the Plan and IRC. Employees in designated eligible groups may immediately enroll in the Plan, regardless of the amount of company service. However, Ashland's matching contributions will not begin until the eligible employee completes one year of service.

Participants may contribute from 1 to 50 percent of eligible compensation in whole number percentage increments. Excluding catch-up contributions, participants were limited to contributions of \$16,500 in 2009. Beginning August 1, 2007, newly hired eligible employees are automatically enrolled in the Plan for a contribution of 5 percent. Employees have the opportunity to elect a different amount before the automatic contributions are withheld. The contributions are invested in the Plan's default investment option if the employee does not make a different investment election. The default investment option is the Fidelity Freedom Fund that most closely matches the employee's assumed retirement date, based on the employee's age at the time of enrollment. The new automatic enrollment rules do not apply to hourly paid employees at the Valvoline Instant Oil Change locations.

Eligible employees who are at least age 50 by December 31 can make catch-up contributions in addition to the regular contribution. Catch-up contributions are pre-tax contributions from an eligible participant's compensation in excess of a plan-imposed limit or the legal pre-tax contribution limit. Therefore, the eligible participant's contributions must first reach a plan-imposed limit or the legal pre-tax contribution limit before any contributions are characterized as catch-up contributions. These employees may contribute a maximum of \$5,500 as catch-up contributions for 2009.

ASHLAND INC. EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE A – DESCRIPTION OF THE PLAN (continued)

Contributions (continued)

Ashland and its participating subsidiaries contribute up to 5.5 percent of eligible compensation as a matching contribution to a participant's contributions. The company matching contribution is \$1.10 for each \$1.00 the participant contributes up to a maximum participant contribution of 5 percent of eligible compensation. Matching contributions are calculated on a payroll by payroll basis and can be made in cash or Ashland common stock, as determined by the company. If matching contributions are made directly to the Plan in common stock, then such contributions shall be invested in the Ashland Common Stock Fund, and can be moved at any point thereafter by the Plan participant. All matching contributions made in cash shall be invested pursuant to the participant's investment elections thereby mirroring the participant's contributions. All company matching contributions were made in cash during 2008. While company matching contributions were made in cash during January 2009, matching contributions made to the Plan were in Ashland common stock from February 2009 through December 2009.

Plan participants age 45 or older are permitted to transfer a designated portion of their Leveraged Employee Stock Ownership Plan (LESOP) accounts to their accounts in the Ashland Inc. Employee Savings Plan during annual election periods. Amounts subject to this election in the LESOP are transferred to the Ashland Inc. Common Stock Fund account in the Plan of electing participants. Those participants can then transfer the amounts from the Ashland Inc. Common Stock Fund to other investment options in the Plan. During 2009 and 2008, respectively, 230,999 and 44,592 shares of Ashland Inc. Common Stock were transferred from the LESOP accounts of the electing participants to their corresponding Ashland Inc. Common Stock Fund accounts in the Plan.

Participants direct the investment of their contributions into various investment options offered by the Plan. Such investment options can be changed at the discretion of the Plan Administrator.

Effective November 1, 2008, the Plan was amended designating the Ashland Common Stock Fund investment option as an employee stock ownership plan (ESOP). The ESOP component of the Plan allows dividends paid on Ashland common stock held in the fund to be passed through to participants and beneficiaries. Participants and beneficiaries may elect to have the dividends passed through and paid to them or to have the dividends reinvested. If a participant or beneficiary fails to make an affirmative election, the default is to reinvest the dividends. Dividends that are reinvested and paid into the Ashland Inc. Common Stock Fund are allocated proportionately to participants and beneficiaries on the basis of each participant's and beneficiary's investment in the fund and used to purchase additional units in the Ashland Inc. Common Stock Fund. Amounts allocated to the portion of the Plan that is an ESOP may still be exchanged to other investments in the Plan and other investments in the Plan may be exchanged into the ESOP component of the Plan.

Vesting

The Plan provides for immediate vesting of all employer and employee contributions regardless of the employee's length of participation in the Plan or service with the employer. However, to preserve the qualified status of the Plan with the IRS, there are certain restrictions on the employee's right to withdraw contributions and any earnings thereon while actively employed by Ashland or its subsidiaries. If a participant or beneficiary entitled to a benefit cannot be located, the vested benefit is forfeited. However, if such a participant or beneficiary makes a proper claim prior to the termination of the Plan, the forfeited benefit shall be restored in an amount equal to the amount forfeited, unadjusted

for any gains or losses.

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ASHLAND INC. EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE A – DESCRIPTION OF THE PLAN (continued)

Participant Loans

Any participant can obtain a loan from the Plan for any reason and may hold up to 2 loans at any one time. Loans cannot exceed the lesser of (a) 50 percent of the participant's account balance or (b) \$50,000 reduced by the difference between the highest outstanding loan balance during the 12 months before the loan and the actual balance on the date of the loan. Participants' plan accounts will be security for the loan. Loans must be repaid within 5 years in equal installment amounts determined by the Plan sponsor. Loan interest compounds monthly at an annual rate equal to the prime rate on the last business day of the month before the loan is made plus 1 percent. Interest on the loan will be credited to the participant's account as the loan is repaid as investment earnings. The loan repayments and the interest payments are then invested among the Plan investment options in the same percentage as the participant's contributions.

Payments of Benefits

Participants may withdraw a certain portion of their account while employed. The portion that can be withdrawn depends upon whether the employee is age 59-½ and the source of funds. Only one such withdrawal is allowed in any 12 month period and the withdrawal cannot exceed the current value of the total account.

Upon termination of employment, the participant, or beneficiary in the event of death, may receive the entire value of the account in either a lump sum payment or installments paid monthly, quarterly, or annually over a limited period of time. If the total value of the account is \$1,000 or less, the value of the account will be distributed in a lump sum without the participant's consent. Benefits are recorded when paid.

Plan Termination

Although it has not expressed any intention to do so, Ashland reserves the right, at 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, subject to the provisions set forth in ERISA. 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.

NOTE B – SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting. The majority of costs and expenses of administering the Plan are paid by Ashland, except that loan initiation and maintenance fees, short term redemption fees and overnight charges are paid by participants. Investment management fees are paid to the investment managers from their respective funds. The preparation of the financial statements and accompanying notes in conformity with U.S. generally accepted accounting principles requires the Plan's management to make estimates and assumptions that affect the amounts reported. Actual results could differ from those estimates.

ASHLAND INC. EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE B – SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. The Statement of Net Assets Available for Benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year. Pending transactions represent investment trade activity that has not settled at December 31. This activity is presented as "Receivable for pending transactions" and "Payable for pending transactions" on the statement of net assets available for benefits.

New Pronouncements

In May 2009, the Financial Accounting Standards Board (FASB) issued guidance related to subsequent events (Accounting Standards Codification (ASC) 855 Subsequent Events) which requires entities to record and disclose events or transactions that occur after the balance sheet date but before financial statements are issued or are available to be issued. This guidance was effective for the Plan in 2009 and did not have an impact on the Financial Statements.

In July 2009, the FASB issued guidance now codified as ASC 105-10 "The FASB Accounting Standards Codification™ and the Hierarchy of Generally Accepted Accounting Principles," which identifies the sources of accounting principles and the framework for selecting the principles used in preparation of financial statements. ASC 105-10 establishes The FASB Standards Codification™ and interpretative releases of the SEC as the only sources of authoritative U.S. GAAP. This statement is effective for the Plan and will affect any references made to authoritative U.S. GAAP standards in future filings.

NOTE C – FAIR VALUE MEASUREMENTS

The Plan adopted Financial Accounting Standards Board Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, as of January 1, 2008. The adoption of ASC 820 did not have a material impact on the Plan's fair value measurements. ASC 820 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, summarized below:

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

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

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

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ASHLAND INC. EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE C – FAIR VALUE MEASUREMENTS (continued)

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following table sets forth by level, within the fair value hierarchy, the Plan's investment assets at fair value as of December 31, 2009:

| | Level 1 | Level 2 | Level 3 | Total |
|--|-----------------------|-----------------------|----------------------|-----------------------|
| Money Market Fund | \$ - | \$ 4,546,705 | \$ - | \$ 4,546,705 |
| Ashland Common Stock Fund | - | 123,469,431 | - | 123,469,431 |
| Mutual Funds | | | | |
| Domestic Equity | 285,323,886 | - | - | 285,323,886 |
| International Equity | 74,340,837 | - | - | 74,340,837 |
| Bond/Fixed Income | 45,790,618 | - | - | 45,790,618 |
| Lifecycle/Blended | 125,709,334 | - | - | 125,709,334 |
| U.S. Government | 25,906,416 | - | - | 25,906,416 |
| Convertible Securities | 1,645,341 | - | - | 1,645,341 |
| Common/Collective Trust – Equity | - | 10,450,807 | - | 10,450,807 |
| Brokeragelink | - | 2,812,978 | - | 2,812,978 |
| Synthetic Investment Contracts: | | | | |
| Cash Equivalents | - | 38,179,042 | - | 38,179,042 |
| Government Bonds/Notes | - | 17,864,620 | - | 17,864,620 |
| Non-U.S. Government Bonds | - | 3,381,447 | - | 3,381,447 |
| Corporate Bonds | - | 75,070,095 | - | 75,070,095 |
| Mutual Funds | 4,750,985 | - | - | 4,750,985 |
| Mortgage-backed Securities | - | 52,008,497 | - | 52,008,497 |
| Futures Variation Margin Account | - | 865,641 | - | 865,641 |
| Other | - | 1,239,285 | - | 1,239,285 |
| Wrap Contracts | - | - | 1,181,502 | 1,181,502 |
| Participant Loans | - | - | 16,052,571 | 16,052,571 |
| Total | \$ 563,467,417 | \$ 329,888,548 | \$ 17,234,073 | \$ 910,590,038 |

The following table sets forth by level, within the fair value hierarchy, the Plan's investment assets at fair value as of December 31, 2008:

| | Level 1 | Level 2 | Level 3 | Total |
|---|----------------|------------|-------------|----------------|
| Mutual Funds | \$ 441,258,517 | \$ - | \$ - | \$ 441,258,517 |
| Ashland Common Stock Fund, brokerage accounts, Short-Term Investment Fund | - | 38,572,456 | - | 38,572,456 |
| Common/Collective Trust | - | 8,354,419 | - | 8,354,419 |
| Guaranteed Investment Contracts | - | - | 162,217,606 | 162,217,606 |

| | | | | |
|-------------------|----------------|---------------|----------------|----------------|
| Participant Loans | - | - | 15,028,203 | 15,028,203 |
| Total | \$ 441,258,517 | \$ 46,926,875 | \$ 177,245,809 | \$ 665,431,201 |

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

Mutual funds – Valued at the quoted market price of shares held by the plan at year-end.

Ashland Common Stock Fund, Short-term Investment Fund – Value is determined based on the underlying investments, which are traded on an exchange and active market.

Common/Collective Trusts – Fair value is determined based on the underlying investments, which are traded on an exchange and active market.

Participant loans – Valued at amortized cost, which approximates fair value.

ASHLAND INC. EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE C – FAIR VALUE MEASUREMENTS (continued)

Guaranteed investment contract (GIC) – Value of the synthetic GICs is based on the fair value of the underlying assets, and the fair value of the wrap contract for the synthetic GICs is determined using a discounted cash flow model which considers recent pricing as determined by providers, a yield curve for financial institutions, and the duration of the underlying asset portfolio. Future fee payments under the synthetic GICs are calculated based on the estimated replacement cost and projected over a time period equal to the duration of the underlying asset portfolio. The duration of the portfolio is used as that is the time to maturity in the event the synthetic GIC is terminated at its contract value. The future estimated fee payments are then discounted using a AA bank yield curve provided by Bloomberg to determine each future payment's present value. This present value is the estimated fair value for the synthetic GICs. In order to achieve the desired returns, the investment manager of the synthetic GICs may invest in various derivative instruments including equity futures, credit default swaps and put and call options. Use of such derivative instruments did not have a material effect on 2009 statements.

The table below sets forth a summary of changes in the fair value of the Plan's level 3 investment assets for the year ended December 31, 2009.

| | Participant Loans | Level 3 Assets | |
|--|----------------------|----------------|---------------|
| | | GICs | Total |
| Balance at December 31, 2008 | \$15,028,203 | \$162,217,606 | \$177,245,809 |
| Realized and Unrealized Losses | - | 30,717,441 | 30,717,441 |
| Purchases, Sales, Issuances and Settlements, Net | 1,024,368 | 814,411 | 1,838,779 |
| Transfer to Level 2 Assets | - | (192,567,956) | (192,567,956) |
| Balance at December 31, 2009 | \$16,052,571 | \$1,181,502 | \$17,234,073 |

NOTE D – INVESTMENTS

The fair values of individual investments that represent 5 percent or more of the net assets of the Plan at December 31, 2009 and 2008 are as follows:

| | December 31 | |
|------------------------------------|----------------|---------------|
| | 2009 | 2008 |
| Ashland Inc. Common Stock | \$ 123,469,431 | \$ 29,044,753 |
| State Street Bank & Trust Contract | 57,153,780 | - |
| Fidelity Contrafund | 100,798,832 | 83,620,463 |
| Fidelity Equity-Income II Fund | - | 39,393,551 |
| Fidelity Low-Priced Stock Fund | - | 31,331,780 |

The assets of the Plan are held by the trustee, Fidelity Trust Company. During 2009, the Plan's investments, including gains and losses on investments bought and sold as well as held during the year, appreciated in value by \$219,276,675 as follows:

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| | |
|---|----------------|
| Ashland Inc. Common Stock | \$ 101,062,910 |
| Shares of registered investment companies | 115,243,250 |
| Common/collective trust | 2,970,515 |
| | \$ 219,276,675 |

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ASHLAND INC. EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE D – INVESTMENTS (continued)

During the Plan year ended December 31, 2009, the Plan received the following cash dividends:

| | |
|---------------------------|--------------|
| Ashland Inc. Common Stock | \$952,868 |
| Various other investments | 11,808,328 |
| | \$12,761,196 |

Investment Contracts

The investment contracts held by the Plan may consist of traditional guaranteed investment contracts (GICs) and wrapper contracts (also known as synthetic GICs). In a traditional GIC, the issuer takes a deposit from the Plan and purchases investments that are held in the issuer's general account. The issuer is contractually obligated to repay the principal and a specified rate of interest guaranteed to the Plan.

In a wrapper contract structure, the underlying investments are owned by the Plan and held in trust for plan participants. The wrapper contract is purchased from an insurance company or bank. The wrapper contract amortizes the realized and unrealized gains and losses on the underlying fixed income investments, typically over the duration of the investments, through adjustments to the future interest crediting rate.

The key factors that influence the future interest crediting rates include: the level of market interest rates; the amount and timing of participant contributions, transfers, and withdrawals into and out of the contract; the investment returns generated by the underlying fixed income investments; and the duration of the underlying investments.

To determine the interest crediting rate, wrapper contracts use a formula that is based on the characteristics of the underlying fixed income portfolio, including the contract interest credit rate, yield to maturity of underlying investments, market value of underlying investments, contract value, duration of the portfolio, and wrapper contract fees. The interest crediting rates of the contracts are typically reset on a quarterly basis. All wrapper contracts provide for a minimum interest crediting of zero percent.

The resulting gains and losses in the market value of the underlying investments relative to the wrapper contract value are represented on the Statement of Net Assets Available for Benefits as the "adjustment from fair value to contract value". If the adjustment amount is positive for a specific contract, this indicates that the wrapper contract value is greater than the market value of the underlying investments. The embedded market value losses will be amortized in the future through a lower interest crediting rate. If the adjustment amount is negative for a specific contract, this indicates that the wrapper contract value is less than the market value of the underlying investments. The amortization of the embedded market value gains will cause the future interest crediting rate to be higher.

The fair value of the investment contracts at December 31, 2009 and 2008 was \$194,541,114 and \$162,217,606 while the contract values were \$183,049,099 and \$174,251,657, respectively. The fair value assigned to the wrapper contracts at December 31, 2009 and 2008 was \$1,181,502 and \$871,027, respectively. At December 31, 2009, the crediting interest rate for these investment contracts was between 4.94% and 5.08% and at December 31, 2008 it was approximately 4.0%.

The average yield of the investment contracts based on actual earnings was 4.21% in 2009 and 4.30% in 2008, while the average yield adjusted to reflect the actual interest rate credited to participants was 3.96% in 2009 and 4.23% in 2008.

ASHLAND INC. EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE D – INVESTMENTS (continued)

Limits to Ability to Transact at Fair Value

In certain circumstances, the amount withdrawn from the wrapper contract would be payable at fair value rather than at contract value. These circumstances include termination of the Plan, a material adverse change to the provisions of the Plan, if Ashland withdraws from a wrapper contract in order to switch to a different investment provider, or if the terms of a successor plan do not meet the wrapper contract issuer's underwriting criteria. The circumstances described above that could result in payment of benefits at market value rather than contract value are not probable of occurring in the foreseeable future.

Issuer-Initiated Contract Termination

Examples of events that would permit a wrapper contract issuer to terminate a wrapper contract upon short notice include the Plan's loss of its qualified status, material and adverse changes to the provisions of the Plan, or un-cured material breaches of responsibilities. If one of these events was to occur, the wrapper contract issuer could terminate the wrapper contract at the market value of the underlying investments, or in the case of a traditional GIC, at the hypothetical market value based upon a contractual formula.

Nonparticipant-Directed Investments

While there were no nonparticipant-directed investments in 2008, information about net assets and significant components of the changes in net assets relating to the nonparticipant-directed investments in 2009 is as follows:

| | Contributions | Net Appreciation | Transfers to participant-directed investments | Other | December 31, 2009 |
|------------------------------|---------------|---------------------|---|-----------------|----------------------|
| Ashland Inc. Common Stock | \$ 14,558,884 | \$ 2,724,775 | \$ (7,314,261) | \$ (1,555,934) | \$ 8,413,464 |

NOTE E – TRANSACTIONS WITH RELATED PARTIES

The Plan held 3,116,341 and 2,763,535 shares of Ashland common stock as of December 31, 2009 and 2008, respectively, with a fair value of \$123,469,431 and \$29,044,753, respectively. The Plan received dividends on Ashland common stock of \$952,868 in 2009. The remaining dividends relate to certain Plan investments classified as units of mutual funds managed by Fidelity Investments, the Trustee of the Plan, and PIMCO, an Allianz Global Investors company, a provider of fiduciary services to the Plan during the year.

Consistent with each mutual fund prospectus applicable to the Plan, fees paid by the Plan for investment management services were included as a reduction of the return earned on each fund.

While the majority of the administrative costs are paid by Ashland, other miscellaneous administrative expenses of \$771,982 were paid by the Plan during 2009. Ashland does not charge the Plan for services it performs on behalf of the Plan.

ASHLAND INC. EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE F – DIFFERENCES BETWEEN FINANCIAL STATEMENTS AND FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to Form 5500.

| | December 31 | |
|---|----------------|----------------|
| | 2009 | 2008 |
| Net assets available for benefits per financial statements | \$ 898,367,437 | \$ 678,377,929 |
| Contract value in excess of fair value | 11,492,015 | (12,034,051) |
| Benefit claims payable | (42,969) | (19,503) |
| Accrued interest on deemed distributions of participant loans | (916,184) | (749,135) |
| Net assets available for benefits per Form 5500 | \$ 908,900,299 | \$ 665,575,240 |

The following is a reconciliation of the net investment appreciation per the financial statements to the Form 5500.

| | Year Ended December 31, 2009 |
|--|---------------------------------|
| Interest and dividend income | \$ 20,841,026 |
| Net realized/unrealized appreciation | 219,276,675 |
| Total net investment appreciation per the financial statements | 240,117,701 |
| Adjustment from contract value to fair value - current year | 11,492,015 |
| Reversal of prior year contract value to fair value adjustment | 12,034,051 |
| Total appreciation of investments per Form 5500 | \$ 263,643,767 |

The following is a reconciliation of benefits paid to participants per the financial statements to Form 5500.

| | December 31 | |
|--|---------------|----------------|
| | 2009 | 2008 |
| Benefits paid per financial statements | \$ 61,919,039 | \$ 100,034,814 |
| Add: Benefit claims payable | 42,969 | 19,503 |
| Benefits paid per Form 5500 | \$ 61,962,008 | \$ 100,054,317 |

NOTE G – TAX STATUS OF THE PLAN

The Plan has received a determination letter from the IRS dated March 3, 2003, stating that the Plan is qualified under Section 401(a) of the IRC and, therefore, the related trust is exempt from taxation. Subsequent to this determination by the IRS, the Plan was amended. Once qualified, the Plan is required to operate in conformity with the IRC to maintain its qualification. The Plan administrator believes the Plan is being operated in compliance with the applicable requirements of the IRC and, therefore, believes the Plan, as amended, is qualified and the related trust is tax exempt.

NOTE H – RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits.

SCHEDULE I

Ashland Inc. Employee Savings Plan

Employer Identification Number 20-0865835

Plan Number 010

Schedule H; Line 4i - Schedule of Assets (Held at End of Year)

December 31, 2009

| Identity of Issue | Description of Investment | Cost [^] | Current Value |
|---|-------------------------------|-------------------|---------------|
| Common Stock: | | | |
| * Ashland Inc. Common Stock | Company Stock Fund | 96,030,882 | 123,469,431 |
| Shares of Registered Investment Companies: | | | |
| *Allianz CCM Mid-Cap I | Registered Investment Company | | 5,327,624 |
| *Allianz NFJ Small Cap Pval I | Registered Investment Company | | 4,493,484 |
| Ariel Fund | Registered Investment Company | | 1,840,088 |
| Baron Asset Fund | Registered Investment Company | | 2,512,727 |
| Baron Growth Fund | Registered Investment Company | | 5,893,483 |
| Brokeragelink | Registered Investment Company | | 2,812,978 |
| * Fidelity Balanced K | Registered Investment Company | | 5,535,774 |
| * Fidelity Blue Chip Growth K | Registered Investment Company | | 18,140,153 |
| * Fidelity Canada Fund | Registered Investment Company | | 7,710,074 |
| * Fidelity Capital Appreciation K | Registered Investment Company | | 3,754,105 |
| * Fidelity Capital & Income Fund | Registered Investment Company | | 5,735,232 |
| * Fidelity China Region Fund | Registered Investment Company | | 7,518,307 |
| * Fidelity Convertible Securities Fund | Registered Investment Company | | 1,645,341 |
| * Fidelity Contra Fund K | Registered Investment Company | | 100,798,832 |
| * Fidelity Diversified Intl K | Registered Investment Company | | 7,919,922 |
| * Fidelity Emerging Markets K | Registered Investment Company | | 6,686,103 |

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| | | |
|---|-------------------------------|------------|
| * Fidelity Equity Income II Fund K | Registered Investment Company | 44,886,677 |
| * Fidelity Export & Multinational K | Registered Investment Company | 6,377,060 |
| * Fidelity Freedom 2005 | Registered Investment Company | 13,568,551 |
| * Fidelity Freedom 2010 Fund | Registered Investment Company | 12,762,213 |
| * Fidelity Freedom 2015 | Registered Investment Company | 24,252,476 |
| * Fidelity Freedom 2020 fund | Registered Investment Company | 25,280,224 |
| * Fidelity Freedom 2025 | Registered Investment Company | 19,281,506 |
| * Fidelity Freedom 2030 Fund | Registered Investment Company | 14,227,899 |
| * Fidelity Freedom 2035 | Registered Investment Company | 8,780,476 |
| * Fidelity Freedom 2040 Fund | Registered Investment Company | 5,272,673 |
| * Fidelity Freedom 2045 | Registered Investment Company | 1,333,291 |
| * Fidelity Freedom 2050 Fund | Registered Investment Company | 950,025 |
| * Fidelity Government Income Fund | Registered Investment Company | 23,797,602 |
| * Fidelity International Discovery | Registered Investment Company | 5,264,580 |
| * Fidelity International Small Cap | Registered Investment Company | 3,020,654 |
| * Fidelity Japan Fund | Registered Investment Company | 271,353 |
| * Fidelity Japan Smaller Companies Fund | Registered Investment Company | 188,466 |
| * Fidelity Latin America Fund | Registered Investment Company | 14,666,164 |
| * Fidelity Low Priced Stock Fund K | Registered Investment Company | 42,545,061 |
| * Fidelity New Markets Income Fund | Registered Investment Company | 5,618,693 |
| * Fidelity Overseas K | Registered Investment Company | 14,066,976 |
| * Fidelity Real Estate Investment Portfolio | Registered Investment Company | 3,911,093 |
| * Fidelity Small Cap Stock Fund | Registered Investment Company | 2,372,652 |
| * Fidelity Strategic Income Fund | Registered Investment Company | 3,318,622 |
| * Fidelity Utilities Fund | Registered Investment Company | 1,094,211 |
| * Fidelity Value K | | 7,020,546 |

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| | | |
|---|-------------------------------|--------------|
| | Registered Investment Company | |
| Franklin Sm/Mid Cap Growth AD | Registered Investment Company | 10,586,855 |
| Managers Bond Fund | Registered Investment Company | 4,816,257 |
| Neuberger Berman Partners Inst | Registered Investment Company | 2,046,687 |
| * PIM Total RT Inst | Registered Investment Company | 20,056,563 |
| * PIM LT US Govt Inst | Registered Investment Company | 2,108,814 |
| Royce Low Pr Stock IS | Registered Investment Company | 2,700,782 |
| Templeton Growth - Adv | Registered Investment Company | 2,350,472 |
| Templeton Developing Markets Adv | Registered Investment Company | 1,409,643 |
| Templeton Global Bond Adv | Registered Investment Company | 11,863,944 |
| The Oakmark Equity and Income Fund | Registered Investment Company | 6,863,670 |
| The Oakmark Select Fund | Registered Investment Company | 4,271,752 |
| Total Shares of Registered Investment Companies | | 561,529,410 |
| Common/Collective Trust | | |
| * Fidelity US Equity Index Commingled Pool | Common/Collective Trust | 10,450,807 |
| Short-term Investment Fund | | |
| * Fidelity Management Trust Company Institutional | | |
| Cash Portfolio | Short-term Investment Fund | 4,546,705 |
| Investment Contracts at Fair Value | | |
| BRITISH POUND STERLING | Cash Equivalent | (4,732,763) |
| EUROPEAN MONETARY UNION EURO | Cash Equivalent | (3,457,710) |
| CHINESE - YUAN RENMINBI NDF | Cash Equivalent | (2,745,253) |
| EUROPEAN MONETARY UNION | Cash Equivalent | (2,504,989) |

| | | |
|---------------------------------|-----------------|------------|
| EURO | | |
| BRAZILIAN REAL-NDF | Cash Equivalent | (724,569) |
| BRITISH POUND STERLING | Cash Equivalent | (340,531) |
| CHINESE - YUAN RENMINBI NDF | Cash Equivalent | (118,252) |
| STIF FUND (BRL) | Cash Equivalent | 1 |
| STIF FUND (AUD) 6152 **RNA** | Cash Equivalent | 4,201 |
| STIF FUND (CAD) | Cash Equivalent | 18,964 |

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Ashland Inc. Employee Savings Plan

Employer Identification Number 20-0865835

Plan Number 010

Schedule H; Line 4i - Schedule of Assets (Held at End of Year)

December 31, 2009

| Identity of Issue | Description of Investment | Cost [^] | Current Value |
|--|---------------------------|-------------------|---------------|
| CHINESE - YUAN RENMINBI NDF | Cash Equivalent | | 111,014 |
| CHINESE - YUAN RENMINBI NDF | Cash Equivalent | | 118,252 |
| FINL FUTURES MAINTENANCE (GBP) - 6152 | Cash Equivalent | | 131,267 |
| CITIGROUP INC SR UNSEC FRN EMTN | Cash Equivalent | | 135,558 |
| FINL FUTURES MAINTENANCE ACCT | Cash Equivalent | | 316,783 |
| FIDELITY MGMT TR OVRNT RT GBP**RNA** | Cash Equivalent | | 364,572 |
| AMERICAN EXPRESS CREDIT SR UNSEC FRN | Cash Equivalent | | 394,757 |
| CHINESE - YUAN RENMINBI NDF | Cash Equivalent | | 398,243 |
| SLMA 2008-1 A1 3MLIB+25 | Cash Equivalent | | 411,899 |
| FINL FUTURES MAINTENANCE (EUR) | Cash Equivalent | | 417,592 |
| U S TREASURY BILLS | Cash Equivalent | | 429,974 |
| SSBANK SHORT TERM INVESTMENT FUND | Cash Equivalent | | 433,112 |
| FIDELITY MGMT OVRNT RT EUR**RNA** | Cash Equivalent | | 708,767 |
| BRAZILIAN REAL-NDF | Cash Equivalent | | 726,739 |
| NATIONAL AUSTRALIA BANK FRN BD 144A | Cash Equivalent | | 900,115 |
| US BANCORP SR UNSEC FRN | Cash Equivalent | | 900,414 |
| CITIGROUP INC SR UNSECURED FRN EMTN | Cash Equivalent | | 936,160 |
| BANK OF AMERICA NA GLBL FRN BKN1 | Cash Equivalent | | 1,002,046 |
| MORGAN STANLEY SR UNSECURED MTN FRN | Cash Equivalent | | 1,007,280 |
| LLOYDS TSB BANK PLC GOV GTD BK EMTN | Cash Equivalent | | 1,008,020 |
| AMERICAN EXPRESS CENTURION SR UNSEC FRN | Cash Equivalent | | 1,067,960 |
| CASH COLLATERAL DOM MSF SLH USD | Cash Equivalent | | 1,320,000 |
| BRITISH POUND STERLING | Cash Equivalent | | 1,656,709 |
| | Cash Equivalent | | 1,714,809 |

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| | | |
|--|-----------------|------------|
| CATERPILLAR FIN SERV CRP FRN MTN | | |
| BARCLAYS BK NY YCD FRN | Cash Equivalent | 1,898,873 |
| PSEG 1ST MTG FRN | Cash Equivalent | 2,002,990 |
| CHINESE - YUAN RENMINBI NDF | Cash Equivalent | 2,745,253 |
| CHINESE - YUAN RENMINBI NDF | Cash Equivalent | 2,768,379 |
| MLCC 2005-2 1A ARM 6MLIB+125 | Cash Equivalent | 2,980,349 |
| GECC SR UNSEC FRN | Cash Equivalent | 3,802,250 |
| FEDERAL HOME LOAN BANK DISC NT | Cash Equivalent | 9,497,118 |
| U S AGENCY REPO | Cash Equivalent | 10,800,000 |
| UNINVESTED CASH | Cash Equivalent | 1,356,357 |
| ILFC SR UNSEC FRN MTN | Corporate | 77,983 |
| AIG NT GLBL | Corporate | 82,865 |
| AIG GLBL NT | Corporate | 99,354 |
| RBS 144A***FLAT*** | Corporate | 166,708 |
| BANK OF AMERICA CORP GLBL SR NT | Corporate | 205,127 |
| GECC GLBL SR NT | Corporate | 278,678 |
| WACHOVIA BANK NA GLBL SUBORDINATED FRN | Corporate | 359,440 |
| ILFC SR UNSEC MTN | Corporate | 367,642 |
| WELLS FARGO & CO JR SUBORD K | Corporate | 503,750 |
| GOLDMAN SACHS GROUP INC GLBL SR NT | Corporate | 537,026 |
| LEHMAN BROS HLDGS SR UNS **DEF 1/24/13* | Corporate | 546,000 |
| BEAR STEARNS CO INC GLBL NT SDF | Corporate | 550,755 |
| BEAR STEARNS CO INC MTN NT | Corporate | 558,974 |
| BNP PARIBAS 144A FRN | Corporate | 744,000 |
| AMERICAN EXPRESS GLBL SR NT | Corporate | 772,108 |
| AUTOZONE SR UNSECURED | Corporate | 865,262 |
| CARDINAL HEALTH INC GLBL SR UNSECURED | Corporate | 917,899 |
| AEP SR UNSECURED | Corporate | 933,413 |
| SMFG PREFERRED CAPITAL 3 NT PFD 144A | Corporate | 937,057 |
| OVERSEAS PRIVATE INV COR US GOVT GTD | Corporate | 1,011,381 |
| BARCLAYS BANK PLC 144A NT | Corporate | 1,017,500 |
| SFEF GOV GTD LIQ 144A | Corporate | 1,020,482 |
| GECC GLBL SR UNSEC MTN | Corporate | 1,035,981 |
| AUTOZONE SR NT | Corporate | 1,085,500 |
| COMPUTER SCIENCES CORP GLBL SR UNSEC | Corporate | 1,093,046 |
| PETROBRAS INTL FIN CO GLBL CO GTD | Corporate | 1,157,812 |
| SLM CORP | Corporate | 1,241,058 |
| OVERSEAS PRIVATE INV COR NT B | Corporate | 1,355,357 |
| HOSPITALITY PROP TRUST | Corporate | 1,649,621 |

| | | |
|-----------------------------------|-----------|-----------|
| BARCLAYS BANK PLC SUBORDINATED | Corporate | 1,660,065 |
| MARRIOTT INTL SR NT | Corporate | 1,746,328 |

Ashland Inc. Employee Savings Plan

Employer Identification Number 20-0865835

Plan Number 010

Schedule H; Line 4i - Schedule of Assets (Held at End of Year)

December 31, 2009

| Identity of Issue | Description of Investment | Cost [^] | Current Value |
|---|---------------------------|-------------------|---------------|
| MACQUARIE BANK LTD NT 144A | Corporate | | 1,806,163 |
| VOLVO TREASURY AB NT 144A | Corporate | | 1,859,522 |
| GATX FIN INC NT | Corporate | | 1,886,800 |
| MERRILL LYNCH & CO NT MTN | Corporate | | 1,942,477 |
| AMERICAN GEN FIN MTN | Corporate | | 2,085,918 |
| MARSH & MCLENNAN COS INC | Corporate | | 2,089,064 |
| HOME DEPOT INC GLBL SR UNSEC | Corporate | | 2,096,456 |
| PEARSON DOLLAR FIN PLC (U.K.) GTD 144A | Corporate | | 2,113,762 |
| OMNICOM GROUP INC CO GTD | Corporate | | 2,133,046 |
| PACTIV CORP SR UNSUB | Corporate | | 2,317,025 |
| MACYS INC | Corporate | | 2,450,000 |
| KRAFT FOODS INC NT | Corporate | | 2,633,043 |
| DOW CHEMICAL COMPANY NT | Corporate | | 2,645,591 |
| YUM BRANDS INC GLBL SR UNSECURED | Corporate | | 2,731,428 |
| CITIGROUP INC NT | Corporate | | 2,819,704 |
| SWEDBANK AB GOV GTD 144A | Corporate | | 3,066,210 |
| NISOURCE FINANCE CORP CO GTD | Corporate | | 3,349,384 |
| AIG GLBL SR UNSECURED WI | Corporate | | 3,384,911 |
| CON-WAY INC SR UNSEC | Corporate | | 3,437,930 |
| NABORS INDUSTRIES GLBL CO GTD | Corporate | | 3,643,493 |
| AEP SNR NS BP CBK | Credit Default Swap | | (4,253) |
| AMERICAN GENERAL FINANCE NS BP GST | Credit Default Swap | | 1,039,731 |
| AUTOZONE NEGB NS BP BOA | Credit Default Swap | | (5,437) |
| AUTOZONE NEGB NS BP BOA | Credit Default Swap | | (14,462) |
| CARDINAL HEALTH NS BP UAG | Credit Default Swap | | (433) |
| CDX IG10 10Y BP DUB | Credit Default Swap | | (40,864) |
| CDX IG10 10Y BP GST | Credit Default Swap | | (62,999) |
| CDX IG9 5Y 15-30% SP MYC | Credit Default Swap | | 12,816 |
| CON-WAY INC NEGB NS BP BOA | Credit Default Swap | | (85,278) |
| GATX FIN NS BP BRC | Credit Default Swap | | 18,633 |
| HOME DEPOT NEGB SNR NS BP GST | Credit Default Swap | | (148,802) |
| HOSPITALITY PROP TRUST NS BP MYC | Credit Default Swap | | (1,852) |

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| | | | |
|---|----------------------|------------|---|
| KRAFT FOODS INC NEGB SNR NS BP RYL | Credit Default Swap | (40,184 |) |
| MACYS INC NEGB SNR NS BP RYL | Credit Default Swap | (23,016 |) |
| MARRIOTT INTERNATIONAL NEGB NS BP BOA | Credit Default Swap | (91,911 |) |
| MARSH & MCLENNAN NEGB NS BP BOA | Credit Default Swap | (49,766 |) |
| NABORS INDUSTRIES NEGB NS BP CBK | Credit Default Swap | 38,093 | |
| NABORS INDUSTRIES NEGB NS BP GST | Credit Default Swap | (9,007 |) |
| NISOURCE NEGB NS BP CBK | Credit Default Swap | 13,610 | |
| OMNICOM GROUP NEGB NS BP CBK | Credit Default Swap | (31,262 |) |
| PACTIV NS BP BOA | Credit Default Swap | (9,395 |) |
| PEARSON DOLLAR NEGB NS BP MYC | Credit Default Swap | (26,146 |) |
| TARGET CORP NEGB NS NS BP GST | Credit Default Swap | (65,236 |) |
| TARGET CORP NEGB NS NS BP MYC | Credit Default Swap | (67,660 |) |
| VIACOM NEGB SNR NS BP BOA | Credit Default Swap | (170,411 |) |
| YUM BRANDS NS BP UAG | Credit Default Swap | (55,934 |) |
| QATAR (STATE OF) SR NT 144A BUNDESREPUB. DEUTSCHLAND BD | Govt-Non US | 1,007,500 | |
| LSI OPEN POSITION NET ASSET | MoneyMarket/Currency | 14,848 | |
| SLH COLLATERAL DOM FWD LIBAILITY | MoneyMarket/Currency | (1,320,066 |) |
| SLH OPEN POSITION NET ASSET | MoneyMarket/Currency | 487,193 | |
| FNMA PASS THRU MTG #888221 | Mortgage | 79,562 | |
| FNMA PASS THRU MTG #937284 | Mortgage | 209,757 | |
| FNMA PASS THRU MTG #894662 | Mortgage | 412,110 | |
| FNMA PASS THRU MTG #938503 | Mortgage | 444,674 | |
| FNMA PASS THRU MTG #735578 | Mortgage | 459,607 | |
| FNMA PASS THRU MTG #918890 | Mortgage | 488,859 | |
| FNMA PASS THRU MTG #940185 | Mortgage | 503,548 | |
| FNMA PASS THRU MTG #952574 | Mortgage | 633,641 | |
| FNMA PASS THRU MTG #938802 | Mortgage | 639,542 | |
| FNMA PASS THRU MTG #940747 | Mortgage | 935,820 | |
| FNMA PASS THRU MTG #745515 | Mortgage | 1,010,478 | |
| FNMA TBA 5.0% MAR | Mortgage | 1,019,063 | |
| GNMA I TBA 6.00% JAN | Mortgage | 1,056,719 | |
| FNMA PASS THRU MTG #889119 | Mortgage | 1,183,221 | |
| FNMA PASS THRU MTG #889076 | Mortgage | 1,902,037 | |
| FNMA PASS THRU MTG #AD0248 | Mortgage | 2,992,944 | |
| FNMA PASS THRU MTG #990300 | Mortgage | 4,024,358 | |
| FNMA PASS THRU MTG #889970 | Mortgage | 5,111,947 | |
| FNMA TBA 4% JAN 30YR | Mortgage | 6,759,375 | |
| FNMA PASS THRU MTG #AD0245 | Mortgage | 6,923,528 | |
| FNMA PASS THRU MTG #735578 | Mortgage | 15,217,706 | |
| CHICAGO TRANSIT AUTH | Municipals | 1,061,780 | |

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| | | |
|-------------------------------|------------|-----------|
| CHICAGO TRANSIT AUTH | Municipals | 1,698,848 |
| CBOT ACAL USTN FUT 2/10 @ 119 | Option | (63) |
| CBOT ACAL USTN FUT 3/10@ 120 | Option | (2,297) |
| CBOT APUT USTN FUT 2/10 @ 116 | Option | (22,969) |
| CBOT APUT USTN FUT 3/10 @ 115 | Option | (47,469) |

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Ashland Inc. Employee Savings Plan

Employer Identification Number 20-0865835

Plan Number 010

Schedule H; Line 4i - Schedule of Assets (Held at End of Year)

December 31, 2009

| Identity of Issue | Description of Investment | Cost [^] | Current Value |
|---|---------------------------|-------------------|---------------|
| IRO USD 10Y C 3.2500 02/17/10 BRC | Option | | (344) |
| IRO USD 10Y C 3.2500 02/17/10 MYC | Option | | (626) |
| IRO USD 10Y C 3.2500 04/19/10 BOA | Option | | (5,024) |
| IRO USD 10Y C 3.2500 04/19/10 BRC | Option | | (4,127) |
| IRO USD 10Y C 3.2500 04/19/10 DUB | Option | | (5,203) |
| IRO USD 10Y P 10.000 07/10/12 BRC | Option | | (457) |
| IRO USD 10Y P 10.000 07/10/12 MYC | Option | | (12,804) |
| IRO USD 10Y P 10.000 07/10/12 RYL | Option | | (1,372) |
| IRO USD 10Y P 4.0000 02/17/10 BRC | Option | | (18,424) |
| IRO USD 10Y P 4.2500 04/19/10 BOA | Option | | (53,690) |
| IRO USD 10Y P 4.2500 04/19/10 BRC | Option | | (44,103) |
| IRO USD 10Y P 4.2500 04/19/10 DUB | Option | | (55,608) |
| IRO USD 10Y P 4.2500 04/19/10 RYL | Option | | (38,350) |
| IRO USD 7Y C 2.7500 04/19/10 DUB | Option | | (5,386) |
| IRO USD 7Y C 2.7500 04/19/10 MYC | Option | | (979) |
| IRO USD 7Y P 4.0000 04/19/10 DUB | Option | | (61,604) |
| IRO USD 7Y P 4.0000 04/19/10 MYC | Option | | (11,205) |
| OTC ECAL FN 5.0% 3/39 @ 104:05 GSC | Option | | (1,140) |
| AIG CONVERT NEW MONEY WELLS FARGO & CO CONV NEW MONEY L | Preferred | | 136,949 |
| | Preferred | | 1,377,000 |

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| | | |
|---|----------------------|---------------|
| PIMCO PRIV EMERG MKT SECT(781) | Sector Fund | 767,543 |
| PIMCO PRV DVLPNG LCL MKT(718) | Sector Fund | 3,983,442 |
| U S TREASURY NOTE | US Treasury | 35,074 |
| U S TREASURY BOND | US Treasury | 47,119 |
| U S TREASURY NOTE | US Treasury | 74,136 |
| U S TREASURY BOND | US Treasury | 133,719 |
| U S TREASURY BOND | US Treasury | 136,203 |
| U S TREASURY NOTE | US Treasury | 192,609 |
| U S TREASURY NOTE | US Treasury | 330,606 |
| U S TREASURY NOTE | US Treasury | 406,282 |
| U S TREASURY NOTE | US Treasury | 524,219 |
| U S TREASURY NOTE | US Treasury | 592,641 |
| U S TREASURY BOND | US Treasury | 672,188 |
| U S TREASURY NOTE | US Treasury | 673,535 |
| U S TREASURY BOND | US Treasury | 1,801,922 |
| U S TREASURY BOND | US Treasury | 1,816,344 |
| U S TREASURY NOTE | US Treasury | 3,271,889 |
| U S TREASURY BOND | US Treasury | 4,395,506 |
| NATIXIS WRAPPER | Investment Contracts | 219,121 |
| AEGON WRAPPER | Investment Contracts | 111,369 |
| STATE STREET WRAPPER | Investment Contracts | 349,158 |
| ING LIFE & ANNUITY CO. WRAPPER | Investment Contracts | 114,324 |
| JP MORGAN CHASE CO. WRAPPER | Investment Contracts | 196,138 |
| UBS AG WRAPPER | Investment Contracts | 191,392 |
| Total Investment Contracts | | 194,541,114 |
| Participant Loans, maturity dates through February 2015 and annual interest rates of 4.25% and 9.25%. | | 16,052,571 |
| | | \$910,590,038 |

* Indicates parties-in-interest to the Plan

^ Required for nonparticipant-directed investments only

SIGNATURES

THE PLAN. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

ASHLAND INC. EMPLOYEE SAVINGS
PLAN

Date: June 28, 2010

By /s/ Lamar M. Chambers
Lamar M. Chambers
Senior Vice President and Chief Financial
Officer of Ashland Inc.
Chairperson of the Ashland Inc. Investment
and
Administrative Oversight Committee

EXHIBIT INDEX

- 23.1 Consent of PricewaterhouseCoopers LLP
- 23.2 Consent of Ernst & Young LLP

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