



ASHLAND INC. • P.O. BOX 381 • ASHLAND, KENTUCKY 41114 • PHONE (606) 329-3333

May 28, 1998

AOR 1998-12

JUN 1 2 51 11 1998

Mr. N. Bradley Litchfield
Assistant General Counsel
Federal Election Commission
999 E Street NW
Washington, D.C. 20463

Re: Request for Advisory Opinion

Dear Mr. Litchfield:

This request for an advisory opinion is made on behalf of the Ashland Inc. Political Action Committee for Employees (the "Committee") which is the separate segregated fund of Ashland Inc. ("Ashland" or the "Corporation"). The Committee wishes to solicit as stockholders certain Ashland employees who are participants in the Ashland Inc. Employee Savings Plan (the "Plan"). Our questions are as follows:

- (1) Are employees who own stock as part of the Plan considered stockholders under 11 CFR §114.1(h), and thus solicitable for voluntary contributions to the Committee pursuant to 11 CFR §114.5(g), even though many such employees may not be executive and administrative personnel as defined by 11 CFR §114.1(c)?
- (2) Assuming certain of the above mentioned employees satisfy the criteria of stockholders under 11 CFR §114.1(h), may Ashland use the payroll deduction method of accepting contributions to the Committee from such employee/stockholders?

To aid in answering these questions, a copy of the Plan (Enclosure I) as well as a Summary Plan Description (Enclosure II) are enclosed.

Description of the Plan

The Plan has been established and is administered to satisfy the requirements of §401(a), §401(k) and §401(m) of the Internal Revenue Code of 1986 (the "Code"). It is open to eligible salaried employees of Ashland and its subsidiaries, and participation is completely voluntary. See, Plan, Section 3.1. An individual participating in the Plan (a

"Participant") may elect to make contributions to the Plan from his or her salary on an after-tax basis ("Account") or on a tax-deferred basis ("Tax-Deferred Account"). See, Plan, Sections 2.1(a), and Articles 5, 6, 7, and 8. The Plan contains several alternatives in which a Participant may elect to invest his or her Account or Tax-Deferred Account. These alternatives include various mutual funds, funds containing public or private securities, and the Ashland Inc. Common Stock Fund. The Ashland Inc. Common Stock Fund contains Ashland's only class of outstanding capital stock -- voting common stock which is publicly traded on the New York Stock Exchange. See, Plan, Section 8.1.

Ashland matches each Participant's contributions to the Plan (the "Company Contribution"). A portion of the Company Contribution is automatically invested in the Ashland Inc. Common Stock Fund ("Restricted Company Match Account") while the remainder is placed in the Participant's account and invested in the manner determined by the Participant. See, Plan, Sections 7.1 and 10.1. The following shows the amount of the Company Contribution and the manner in which it is invested for each employee:

<u>Employee's Contribution as a % of Salary</u>	<u>Company Contribution for Each \$1.00 Contributed by Employee</u>	<u>Portion of Company Contribution to Account</u>	<u>Portion of Company Contribution to Restricted Company Match Account</u>
1%	\$1.10	\$.30	\$.80
2%	\$1.10	\$.30	\$.80
3%	\$1.00	\$.30	\$.70
4%	\$1.00	\$.30	\$.70

See, Plan, Sections 7.1 and 8.2.

The Plan also provides that a Participant who is an active employee that has previously made contributions to another plan that meets the requirements of §401(a) of the Code can roll those contributions into the Plan ("Rollover Contributions"). See, Plan, Section 5.4. Once in the Plan, the Rollover Contributions are placed in the Participant's Account and invested as directed by the Participant.

With respect to the right of a Participant to make a withdrawal from the Plan, once during any 12 month period, a Participant can withdraw without any suspension from the Plan all or any part of his or her investment in the Ashland Inc. Common Stock Fund (or other fund in the Plan) attributable to the following:

- (i) the Participant's contributions to the Account;
- (ii) Company Contributions to the Participant's Account that have been in the Account for at least 24 month; or
- (iii) Rollover Contributions made by the Participant to his or her Account.

See, Plan, Section 12.1. In addition, a Participant that is 59 ½ years of age or older can withdraw without any suspension from the Plan any investment in the Ashland Inc. Common Stock Fund attributable to Pre-Tax Savings. See, Plan, Section 12.2. Finally, a Participant may make a withdrawal because of a financial hardship, but that results in a 12 month suspension in contributions. See, Plan, Sections 12.3, 5.3 and 6.3.

Act and Commission Regulations

Federal Election Commission ("FEC") regulations allow a separate segregated fund to solicit contributions from, among other persons, the "stockholders" of the corporation that established the separate segregated fund. 11 CFR §114.5(g)(1). The regulations define a "stockholder" as a person who: (i) has a vested beneficial interest in the stock; (ii) has the power to direct how that stock shall be voted (if it is voting stock); and (iii) has the right to receive dividends. 11 CFR §114.1(h).

A FEC Advisory Opinion issued on May 10, 1996 (Advisory Opinion 1996-10) determined that certain employees enrolled in the savings plan of USX Corporation were solicitable as shareholders. It appears that the Ashland Plan compares very closely to the plan at issue in Advisory Opinion 1996-10. As a result, Ashland believes that certain of its employees that hold Ashland stock through the Plan should be deemed "stockholders" within the meaning of 11 CFR §114.1(h).

(1) **Employees With a Vested Beneficial Interest in Stock** -- With respect to the first requirement as it applies to the Ashland Plan, all Participants are fully vested in their Accounts, Pre-Tax Accounts, and Restricted Company Match Accounts. See, Plan, Section 10.1. Thus, Participants having their Accounts, Pre-Tax Accounts or Restricted Company Match Accounts invested in the Ashland Inc. Common Stock Fund would have a fully vested beneficial interest in their Ashland Common Stock.

(2) **Right To Vote Stock** -- Under the Ashland Plan, any Ashland Common Stock in a Participant's Account, Pre-Tax Account, or Company Restricted Match Account is voted by the Participant. The Participant gives voting instructions to

the trustee of the Ashland Plan who votes the shares in accordance with the instructions. See, Plan, Section 15.6. Thus, Participants have full voting rights with respect to any Ashland Common Stock held in their Account, Pre-Tax Account or Company Restricted Match Account.

(3) The Right to Receive Dividends - - The last requirement for stockholder status, the right to receive dividends, has been interpreted by the FEC to be satisfied, in the context of employee benefit plans, if "participants are able to withdraw at least one share of stock . . . without incurring a suspension period . . ." Advisory Opinion 1996-10. See also, Advisory Opinions 1994-36 and 1994-27, and the opinions cited therein. If there is no suspension period or similar restriction, the FEC has concluded that those participants have the right to receive dividends and are stockholders under 11 CFR §114.1(h). See, Advisory Opinion 1996-10.

In the 1996 opinion, the FEC identified four groups of participants under the USX Plan who satisfied the third requirement (as well as the other two requirements). The following outlines those groups in comparison to the same or similar groups within the Ashland Plan:

(1) The FEC found that participants who were owners of USX stock through the plan's rollover account or the pre-1987 after tax account, which have no withdrawal restrictions, would qualify as stockholders under section 114.1(h). The Ashland Plan is very similar in that many employees have investments in Fund A attributable to their pre-1987 after-tax contributions. Rollover contributions are also now allowed under the Ashland Plan and can be invested in Fund A. Neither investments in Fund A nor rollover contributions have any withdrawal restrictions.

(2) The FEC also found that USX Plan participants whose only stock holdings consist of funds in the company contributions account would only qualify as stockholders under section 114.1(h) if they have funds that have been in the account for 24 months or more, since they otherwise would have no withdrawal rights whatsoever. The same is true with respect to participants in the Ashland Plan, i.e., if a participant has stock holdings consisting of amounts invested only in Fund A, there are no withdrawal rights unless the funds have been in the account for 24 months or more.

(3) The FEC stated that a USX Plan participant whose funds are in the after tax savings (post-1986 funds) account qualifies as a stockholder under section 114.1(h) only if that participant has unmatched contributions invested in company stock, or matched contributions invested in company stock for 24 months or more. Any other participant in this account faces suspension from the program if a withdrawal is made. The withdrawal rules for the post-1986 after-tax employee contributions in the Ashland Plan are more liberal. Those contributions can be

withdrawn without suspension and without regard to the length of time related company matching contributions were in the Plan. See Plan, Section 12.1.

(4) Participants in the USX pre-tax savings account who have invested in USX stock were held to be stockholders only if they were at least age 59 ½, have unmatched savings or matched savings invested for longer than 24 months. Similarly, an Ashland Plan participant in the pre-tax savings account may be deemed to be a stockholder if he/she is at least age 59 ½. After attaining age 59 ½, an employee in the Ashland Plan may withdraw his/her pre-tax contributions.

As noted above, under the Ashland Plan, at least once in every 12 month period, a Participant has the right to withdraw, without suspension or other similar restriction, his or her investment in Ashland common stock from the Ashland Inc. Common Stock Fund if it was purchased with the Participant's contributions to his or her Account, Company Contributions made to the Participant's Account to the extent such Company Contributions have been in the Plan for at least 24 months, or Rollover Contributions in the Participant's Account. In addition, to the extent a Participant is at least 59½ years old, he or she can annually withdraw stock from the Ashland Inc. Common Stock Fund attributable to Pre-Tax Contributions.

Conclusion

Under FEC regulations, and the interpretations thereof by FEC Advisory Opinions, three criteria are used to determine if an individual is a "stockholder" of a company sponsoring a separate segregated fund. As applied to the Ashland Plan, employees of Ashland should be deemed to be "stockholders" if they have any of the following invested in the Ashland Inc. Common Stock Fund:

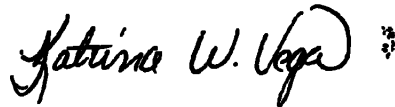
- Participant contributions in their Account;
- Company Contributions in their Account that have been in the Plan for at least 24 months;
- Rollover Contributions in their Account; or
- Participant contributions to the Pre-Tax Account where the Participant is at least 59½ years old.

In addition, to the extent these individuals are deemed to be stockholders of Ashland, payroll deduction should be permitted as a means for the Committee to solicit and accept contributions. The FEC has ruled that payroll deduction is an appropriate vehicle for accepting contributions in circumstances in which an employee of a company sponsoring a separate segregated fund is also a stockholder of the company. See, Advisory Opinions 1996-10.

Mr. Litchfield
May 28, 1998
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We respectfully ask you to issue a favorable advisory with respect to the above facts and questions. Should you need additional information, please do not hesitate to contact me at (606) 329-4198.

Sincerely,

A handwritten signature in black ink that reads "Katrina W. Vega". The signature is written in a cursive style with a large initial 'K' and a circled 'V' at the end.

Katrina W. Vega
Attorney

Enclosures

ENCLOSURE I

ASHLAND INC.

EMPLOYEE SAVINGS PLAN

GENERALLY EFFECTIVE OCTOBER 1, 1995

Conformed Copy Including Amendment Nos. 1-4

ASHLAND INC.
EMPLOYEE SAVINGS PLAN

WHEREAS, Ashland Inc. established the Ashland Inc. Employee Savings Plan (which was known as the Ashland Inc. Employee Thrift Plan before October 1 1995) originally effective June 1, 1964 for the benefit of employees eligible to participate therein;

WHEREAS, the aforesaid Plan was amended from time to time and, as so amended, was completely amended and restated effective October 1, 1976 to comply with the provisions of the Employee Retirement Income Security Act of 1974;

WHEREAS, the aforesaid amended and restated Plan was further amended from time to time and was completely amended and restated effective October 1, 1980, and again restated effective October 1, 1983, and again restated effective October 1, 1985, and again restated effective October 1, 1989;

WHEREAS, Article 20 of the aforesaid amended and restated Plan, reserves to Ashland Inc. the right to further amend the Plan; and

WHEREAS, Ashland Inc. desires to make further amendments to the Plan and to incorporate such amendments into a completely restated Plan;

NOW, THEREFORE, Ashland Inc. does hereby further amend and restate the Ashland Inc. Employee Savings Plan, effective as of October 1, 1995, except as otherwise indicated, and provided that amendments which were made hereto from and after the Plan's last effective date of restatement, October 1, 1989, through the date on which this restatement was executed shall be effective as of the dates that were specified under each such amendment, in accordance with the following terms and conditions:

ARTICLE 1
PURPOSE OF PLAN

1.1 **Designation.** The Plan is designated the "Ashland Inc. Employee Savings Plan." The Plan is also designated as a discretionary contribution plan under Section 401(a) of the Code to which contributions may be made without regard to the current or accumulated earnings and profits of the respective Participating Companies for the taxable years thereof ending with or within the Plan Year and whose assets may be invested, without limitation, in qualifying employer securities as defined in Section 407(d)(5) of ERISA. It is intended that the Plan be a plan described in Section 404(c) of ERISA, to the extent that the terms and operation of the Plan complies with those provisions; therefore, fiduciaries of the Plan may be relieved of any liability for any losses which are the direct and necessary result of investment instructions given by a participant or beneficiary.

1.2 **Purpose.** The purpose of the Plan is to provide retirement and other benefits for the Members and their respective beneficiaries. To provide such benefits, the Participating Companies propose to make such contributions as directed and determined by the Sponsoring Company in accordance with the provisions of the Plan. Except as otherwise provided by the Plan and by law, the assets of the Plan shall be held for the exclusive benefit of Members and their beneficiaries and defraying reasonable expenses of administering the Plan, and it shall be impossible for any part of the assets or income of the Plan to be used for, or diverted to, purposes other than such exclusive purposes.

1.3 **Effective Date.** Amendments that were made to the Plan since its last restatement, which was effective on October 1, 1989, shall be effective as of the date or dates identified in those amendments, regardless of whether those dates are specified in this amendment and restatement of the Plan. In all other respects, except as otherwise indicated, this amendment and restatement is effective as of October 1, 1995.

1.4 Plan Mergers. Effective as of December 31, 1995, with respect to accounts formerly held under the Ballenger Paving Company, Inc. 401(k) Employee Savings Plan (the "Ballenger Plan") and effective as of April 1, 1996, with respect to accounts formerly held under the SuperAmericia Hourly Associates Savings Plan (the "SuperAmerica Plan"), the Ballenger Plan and SuperAmerica Plan shall, as of their respective effective dates, be merged with and become a part of this Plan. The actual transfer of accounts from each of these plans to this Plan shall be made as part of the said plan mergers on such date as shall be determined and agreed to by and between the Sponsoring Company and the Trustee and the trustee of the applicable plan being merged herein. After each such account is transferred to the Plan, each such account shall be held and administered pursuant to the terms of this Plan; provided, however, notwithstanding anything contained herein to the contrary, the Section 411(d)(6) protected benefits (as defined under Treas. Reg. §1.411 (d) - 4) associated with each such account shall be preserved under this Plan. The accounts which are so transferred and merged into this Plan shall be placed in and shall be a part of the applicable Member's Account hereunder, and for purposes of determining service hereunder, the Member's prior service under the plan being merged herein shall count hereunder to determine such Member's Period of Service, and, for purposes of applying the withdrawal rules under this Plan, this Plan shall refer to the applicable date of allocation of employer contributions under such plan.

NOTE: OGC is not including pp. 4-112 of Enclosure I in the circulation of AOR at this time. The full document is available in OGC files.



6-1-98

ENCLOSURE II



**EMPLOYEE
SAVINGS
PLAN**

Ashland Inc.

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This booklet summarizes the Ashland Inc. Employee Savings Plan as in effect January 1, 1997.

The Plan allows participating employees to invest a portion of their compensation together with contributions made to their accounts by the Company. The Plan is designed to allow participating employees to engage in a program of regular savings to provide additional income for retirement.

Full details of the Plan's provisions are contained in the Plan and Trust Agreement documents. If there are differences between this summary and the legal text, the legal text governs.

If you have any questions about the Plan, please call Fidelity at 800-8ASHLAN (800-827-4526). You may also call the Employee Benefits Department in Lexington, Kentucky at 800-782-4669.

No provision of the Plan shall be deemed to (1) give any employee the right to be retained by the Company; (2) affect the right of the Company to terminate or discharge any employee at any time; (3) give the Company the right to require any employee to remain in its employment; or (4) affect any employee's right to terminate his or her employment at any time.

References to "Company" refer to the company for which you work. References to "Plan Sponsor" and "Plan Administrator" refer to Ashland Inc.

THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS COVERING SECURITIES THAT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933.

PLAN MEMBERSHIP

Eligibility

You are eligible to join the Plan on the first pay period beginning coincident with or next following the day after you:

- become an active full-time regular employee;
- work in an employee group designated by the Plan Sponsor as eligible for participation under the Plan; and
- complete 1 year of service with the Company.

Transfer into an Eligible Group

If you transfer into an eligible group, you will be eligible to join the Plan on the first pay period beginning coincident with or next following the day after the transfer, provided that the service requirement is met. If the service requirement is not met at the time of transfer, you will be eligible to join on the coincident with or next following the day after the service requirement is satisfied.

Transfer out of an Eligible Group

If you become a member of the Plan and later transfer out of an eligible group, your participation will be suspended while you are employed in an ineligible group. Your account balance would remain in the Plan, but you would not be able to make contributions to the Plan while working in an ineligible group. However, your account would be adjusted for its allocable share of income, gains or losses and expenses, and you would be permitted to utilize other features of the Plan such as exchanges, loans (provided you are being paid using the Ashland payroll system) and in-service withdrawals.

Reemployment of a Member

If you terminate employment while a Plan member and you are later reemployed as an active regular employee in an eligible group, you will be eligible to join the Plan on the first pay period beginning coincident with or next following the day after your reemployment, provided that you then satisfy the eligibility requirements.

Enrollment

Usually eligible employees are sent enrollment materials shortly before becoming eligible to join the Plan. Enrollment materials are also available from the Employee Benefits Department in Lexington, Kentucky. To enroll, call Fidelity at 800-8ASHLAN (800-827-4526). Your enrollment will be taken over the telephone. Your contributions withholding will begin with the paycheck for the pay period which begins after Fidelity informs the Company of your telephone enrollment. Ordinarily this information is transmitted at the end of the week in which enrollment occurs.

SERVICE

Years of Service

Your years of service determine eligibility to participate in the Plan. For each 12-month period of service, a year of service is earned. A period of service begins with your employment date. Service includes employment with the Company and certain affiliated companies. Generally, a period of service ends upon the earlier of (1) the date you quit, are discharged from employment or die, or (2) the first 12-month anniversary of the date an absence begins for any other reason. However, if you return to work within 12 months of any absence from work, the time away from work is included as service.

Generally, non-consecutive periods of service are aggregated to determine whether the 1 year of service eligibility requirement is met. This aggregation occurs on the basis that 365 days of service equals a year of service. **Example:** Mary starts working for the Company as an eligible employee on October 1, 1996. She terminates employment on June 24, 1997. At that time, she has less than 1 year of service, but she has 267 days of service. She is rehired as an eligible employee on July 1, 1998. She will have completed 1 year of service on October 6, 1998 (her 365th day of service). She will be eligible to enroll with the first pay period beginning on or after October 7, 1998.

Certain Company-designated temporary leaves of absence and military service for which the law provides reemployment rights count as periods of service. If you do not return to work within the time prescribed under the temporary leave of absence or before the military service reemployment rights expire, then the time of the absence does not count as service.

If you are absent due to pregnancy, adoption, or to care for a child immediately following birth or adoption, you are not considered to have terminated employment under the Plan until the second 12-month anniversary of your absence. However, the period after the first anniversary of your absence does not count as service under the Plan.

CONTRIBUTIONS

Member Contributions

If you join the Plan, contributions are permitted in whole number percentages. For example 1%, 2%, 3% etc. of eligible compensation up to 16% (but see the Limitations on Contributions section for restrictions).

Subject to certain exceptions, compensation is an employee's total pay, including commissions, overtime, vacation pay, tax-deferred contributions under this Plan, and pre-tax contributions under the Medical Plan, Dental Plan and Reimbursable Accounts Plan. Compensation does not include certain special types of pay such as executive incentive bonuses, deferred compensation, foreign service allowances, relocation allowances, severance pay and certain other forms of special pay.

Regular and Tax-Deferred Contributions

Employee contributions can be made to the Plan under either, or a combination of, 2 methods - "After-Tax" or "Tax-Deferred" (but see the Limitations on Contributions section for restrictions).

After-tax contributions are withheld from your compensation and allocated to your account under the Plan after all applicable federal, state and local income taxes are withheld. Tax-deferred contributions are withheld from your compensation and allocated to your tax-deferred account under the Plan before any federal and, in some cases, state and local income taxes are withheld.

The Plan's provisions and federal tax laws impose restrictions on withdrawals from the Plan which depend on whether the withdrawal is from a member's regular or tax-deferred contributions account. For more information on withdrawals of these amounts, see the Withdrawals During Employment section.

You elect the amount of your contributions when you enroll in the Plan by calling Fidelity at 800-8ASHLAN (800-827-4526).

Changing and Suspending Contributions

You may change the amount of your contributions (including a change which totally suspends all of your contributions) by calling Fidelity at 800-8ASHLAN (800-827-4526). Your new rate of contributions will become effective for compensation received following the date the change

is administratively processed by the Company. If you totally suspend your contributions you may resume contributions by calling Fidelity at 800-8ASHLAN (800-827-4526). The resumption of contributions becomes effective for compensation received following the date the change is administratively processed by the Company.

You may change the portion of your contributions consisting of regular and tax-deferred contributions by calling Fidelity at 800-8ASHLAN (800-827-4526). Your change will become effective for compensation received following the date the change is administratively processed by the Company.

Company Contributions

From January 1, 1997, the Company contributes for allocation to your account 110% of your contributions to the Plan up to 2% of your Plan eligible compensation plus 100% of your contributions to the Plan for the next 2% of your Plan eligible compensation. The following table illustrates the company matching contributions:

Your Total Contribution Rate to the Plan	Total Company Match as % of Your Pay
1%	1.10%
2%	2.20%
3%	3.20%
4%	4.20%
above 4%	4.20%

Deposit of Contributions

Contributions to the Plan are allocated to each member's account and tax-deferred account, as appropriate, and invested according to the rules described in the Investment Options section. Usually members' contributions are allocated and invested at the end of the week in which the paychecks are delivered which show withholding for Plan contributions.

Limitations on Contributions

Federal laws limit the amount of contributions to the Plan that can be made by you or on your behalf. Some of these limits apply to all members, while others apply only to members who are "highly compensated employees" under IRS rules. In general, the IRS defines highly compensated employees as employees with W-2 earnings (plus pre-tax contributions) of \$80,000 (as annually adjusted) for the prior year.

The following is a brief description of some of the legal limitations on Plan contributions.

- **Limits Applicable to All Members**

The total of all the contributions made by or on behalf of each member during a calendar year cannot exceed the lesser of \$30,000 (as annually adjusted) or 25% of the member's pay. Also, no member may contribute more than \$9,500 (as annually adjusted) of tax-deferred contributions to the Plan during a calendar year.

- **Limits Applicable to Highly Compensated Employees**

Contributions of members who are highly compensated employees are limited by special tests based upon the average rate of non-highly compensated employee member contributions. The Plan Sponsor conducts monthly tests and will limit the contributions of highly compensated employees to comply with these limits.

These adjustments may be made without prior notice to employees. If such an adjustment reduces or eliminates a highly compensated employee's tax-deferred contributions, the amount so reduced or eliminated will be converted to regular contributions, to the extent possible within the restrictions of the test applicable to regular contributions. If the rate of allowable tax-deferred contributions is raised, the highly compensated employees' contributions will automatically be adjusted to reflect the new limit.

Even with periodic monitoring and adjustment, it is possible that these tests may not be met by the end of the calendar year. If that occurs, affected highly compensated employees could receive a distribution of their excess contributions, with any allocable income.

INVESTMENT OPTIONS

The Plan provides a number of investment choices, including 3 packaged investment programs, in which you can invest your contributions. A portion of your allocated Company contributions will be invested in the same fund or funds, in the same percentages, you selected for your contributions.

The remainder of your allocated Company contributions will be invested in the Ashland Common Stock Fund. These amounts are accounted for separately from other contributions and are not subject to investment transfer, loan or withdrawal prior to retirement or other termination of employment (except as otherwise provided in the section on Partial Diversification of Restricted Company Match Account). In this booklet this account is called your "Restricted Company Match Account".

Your Plan Contribution Level	Co. Match for Each \$1.00 of Your Contribution	Portion of Co. Match Invested as You Direct	Portion of Co. Match Invested in Ashland Stock
on your 1st%	\$1.10	\$.30	\$.80
on your 2nd%	\$1.10	\$.30	\$.80
on your 3rd%	\$1.00	\$.30	\$.70
on your 4th%	\$1.00	\$.30	\$.70
Total	4.2% of Your Pay	3.0% of Your Pay	1.2% of Your Pay

You choose the fund or funds in which your contributions (and a portion of the Company contributions made on your behalf) are to be invested by calling Fidelity at 800-8ASHLAN (800-827-4526). You may change the investment of your future contributions by calling Fidelity at the same number.

The Plan is intended to constitute a plan described in section 404(c) of ERISA. Because of this, the Plan fiduciaries may be relieved of liability for any losses that are the direct and necessary result of investment instructions given by members or beneficiaries.

Following is a brief description of the Plan's investment choices. The value of investments made under these options will fluctuate, up or down, depending on the market value of the particular security or securities in which the fund is invested. (See Valuation of Plan Assets.) Fidelity mutual funds are managed by Fidelity Management & Research Company. For more complete information about the Fidelity mutual funds, including fees and expenses, call or write Fidelity for free prospectuses. Read them carefully before you make your investment choices.

Ashland Common Stock Fund

The Ashland Common Stock Fund is invested primarily in Ashland Inc. Common Stock. Any dividends are paid to the Trustee and allocated proportionately to the accounts of members on the basis of each member's investment in the Fund and used to purchase additional stock. All common stock in this Fund is held in the name of the Trustee. The value of the Fund, and the value of each member's investment in the Fund will fluctuate with the market value of the stock.

The Plan ordinarily maintains a portion of the Ashland Common Stock Fund invested in cash equivalents to provide liquidity to accommodate investment transfers and distributions from the Fund.

Prior to the annual shareholder's meeting, members invested in the Ashland Common Stock Fund are sent proxy cards to be used to instruct the Trustee on how to vote the member's allocable portion of the Ashland stock held by the Plan. The Trustee will vote fractional shares and shares for which it received no instructions in the same proportion as the voting instructions received from members who vote.

Members invested in the Ashland Common Stock Fund may also direct the Trustee on how to respond if a tender offer is ever made for Ashland Common Stock. Each member in this Fund may direct the Trustee to either sell or not to sell an allocable portion of Ashland Common Stock in the Fund. A member who fails to direct the Trustee is considered to have given a direction not to sell.

To the extent a member is invested in the Ashland Common Stock Fund, he or she may elect to have a distribution in cash or in whole shares of stock and cash for fractional shares.

Low Volatility Fund

This Fund seeks preservation of capital and a competitive level of income over time. The Fund's goal is to maintain low volatility of the unit price which will fluctuate modestly with market movements. The Fund is composed of 2 components. Fidelity manages the component which invests in a diversified portfolio of short-term fixed income securities whose yield, and therefore market value, will vary as interest rates change. PRIMCO manages the component which invests in a diversified portfolio of high quality fixed income securities and investment contracts offered by major financial institutions providing a fixed or reasonably predictable rate of return for a specified period. Share price, yield and return will vary.

Fidelity Government Securities Fund

This bond mutual fund seeks to provide a high level of current income. It invests primarily in securities issued by the U.S. government or its agencies whose income is exempt from state and local taxes (this tax exemption does not apply to distributions from a plan account). Not all securities in the Fund are backed by the full faith and credit of the U.S. government, and neither an investment in the Fund nor the market value of the securities are insured or guaranteed by the U.S. government. Share price, yield and return will vary.

Fidelity Equity Income II Fund

This growth and income mutual fund seeks a level of income that exceeds the yield of the securities comprising the Standard & Poor's Composite Index of 500 Stocks (S&P 500®). It will also look for companies with a potential for capital growth. The Fund normally invests most of its assets in securities that provide dividend income, such as common and preferred stocks, and it can also invest in bonds. The Fund will invest in securities of many different qualities. Equity-Income II focuses more on capital growth and less on income. Share price and return will vary.

Fidelity Contrafund

This growth mutual fund seeks capital growth. It primarily invests in foreign and domestic common stocks of companies that the Fund's manager believes are undervalued or show potential for growth. The Fund generally focuses on companies that are out of favor or unpopular, but whose products show potential for improvement. This strategy can lead to investments in smaller companies, which can often involve more risk than investments in larger, more popular companies. Because this Fund primarily invests in stocks, it carries a high level of investment risk in return for high earnings potential. Share price and return will vary.

Fidelity Low Priced Stock Fund

This growth mutual fund seeks to increase the value of your investment over the long term through capital growth. The majority of the Fund invests primarily in stocks of companies the Fund manager considers undervalued, out of favor with other investors and that offer the possibility for significant growth. Generally, "low-priced" is considered \$25 per share or less at the time of purchase. These often are stocks of smaller, less well-known companies. Because this Fund primarily in-

vests in stocks, it carries a high level of investment risk in return for high earnings potential. A redemption fee of 1.5 percent is charged if a shareholder sells his/her shares within 90 days after purchase. Share price and return will vary.

Fidelity Overseas Fund

This international mutual fund seeks capital growth. Normally the Fund invests at least 65 percent of its total assets in securities such as stocks and bonds, from at least 3 countries outside of North America. It generally invests most of its assets in securities of issuers located in developed countries in these general geographic areas: the Americas (other than the United States), the Far East and Pacific Basin, and Europe. As with most international investments, you can expect the performance of the Overseas Fund to be affected by the performance of foreign markets, the changing value of the American dollar, and foreign political events. Therefore, the Fund poses greater risks as well as greater potential rewards than funds invested primarily in the U.S. Because this Fund primarily invests in stocks, it carries a high level of investment risk in return for high earnings potential. Share price and return will vary.

Packaged Investment Programs

You may also choose from 3 packaged investment strategies: aggressive, moderate or conservative. Each strategy results in an allocation specific to that designation which is described below.

Aggressive. The Aggressive Investment Strategy is designed primarily to achieve long-term growth by investing mostly in equities. A small allocation will be directed toward fixed income securities to provide a margin of current income. You should expect your account value to fluctuate more than the other packaged program choices, since it provides the greatest exposure to the rise and fall of the stock market. Someone who is more risk tolerant, not comfortable selecting his/her own portfolio, and willing to invest a greater portion of his/her investments for the long term may want to choose this strategy. He/she must be willing to accept a higher degree of potential volatility to achieve higher expected returns.

The target allocation for the Aggressive Investment Strategy is as follows:

- 15% Low Volatility Fund.
- 15% Fidelity Government Securities Fund.
- 40% Fidelity Equity Income II Fund.
- 20% Fidelity Contrafund.
- 10% Fidelity Overseas Fund.

Moderate. The Moderate Investment Strategy is designed to provide both income and the potential for long-term growth with approximately equal emphasis. This includes a combined investment in fixed income and stocks evenly divided. You should expect your account value to fluctuate moderately. Someone who is not comfortable selecting his/her own portfolio and whose objectives for income and growth are balanced may want to choose this strategy. Due to its investment in stocks, he/she must be willing to expose a greater portion of his/her portfolio to the volatility of the stock market than those choosing the Conservative strategy.

The target allocation for the Moderate Investment Strategy is as follows:

- 30% Low Volatility Fund.
- 20% Fidelity Government Securities Fund.
- 30% Fidelity Equity Income II Fund.
- 15% Fidelity Contrafund.
- 5% Fidelity Overseas Fund.

Conservative. The Conservative Investment Strategy is designed to preserve your principal by investing in mostly high quality and lower risk income-producing securities. A small allocation will be directed toward equities to provide a minimum capital growth component. You should expect your account value to fluctuate modestly. Someone who is not comfortable selecting his/her own portfolio, is looking to preserve the value of his/her investment and wants to achieve a moderate level of income with a relatively low level of risk may want to choose this strategy.

The target allocation for the Conservative Investment Strategy is as follows:

- 50% Low Volatility Fund.
- 20% Fidelity Government Securities Fund.
- 20% Fidelity Equity Income II Fund.
- 10% Fidelity Contrafund.

When you elect a packaged investment choice your investment allocations will be automatically rebalanced at least monthly or when the actual allocation for any component deviates from its target by plus or minus 5%.

Example:

Assume there is a surge in the stock market and this results in an increase in the value of both Fidelity Equity Income II and Contrafund. The allocation within the Conservative Investment Strategy could look like this after the surge:

<u>FUND</u>	<u>TARGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
Low Volatility	50%	41%	-9%
Fidelity Government Securities	20%	20%	-0-
Fidelity Equity Income II	20%	23%	3%
Fidelity Contrafund	10%	16%	6%

In this case the trustee would automatically rebalance the portfolio of the Conservative Investment Strategy. The 6% value in the Contrafund in excess of its target and the 3% value in the Equity Income II fund in excess of its target would be transferred to the Low Volatility Fund.

Of course it could work the other way too. If there was a sudden drop in the stock market and, say, the Contrafund allocation dropped to 4% while the Low volatility fund allocation increased to 56%, funds would be automatically transferred from the Low Volatility Fund account to the Contrafund account.

Because there will always be some fluctuations in account values, rebalancing of the portfolio of an investment strategy fund (other than at the end of a month) does not occur until there is a difference of at least 5% between an actual allocation and a target allocation.

If you have questions concerning any of the investment options, you should contact Fidelity at 800-8ASHLAN (800-827-4526). While an at-

tempt will be made to answer your questions, no advice on how to invest your contributions can be given. The decision on how to allocate contributions among the investment options is the responsibility of each Plan member.

The Plan Sponsor reserves the right to modify or terminate any investment choice offered under the Plan.

Valuation of Plan Assets

As of the close of each business day (a day the New York Stock Exchange is open) the assets of the Plan are valued by Fidelity in the manner prescribed by the Plan and Trust documents. Each member's account in each fund is adjusted to reflect investment gains or losses (realized and unrealized), expenses, contributions, loans, loan repayments and any withdrawals allocated to the member's accounts.

A member may contact Fidelity at 800-8ASHLAN (800-827-4526) to obtain certain information about his or her account(s).

Changing Your Investment

To make a change in how your future contributions are invested, call Fidelity at 800-8ASHLAN (800-827-4526). All investment choice changes become effective for contributions received by the Plan after the date the call is made.

To exchange all or a part of your account between investment funds call Fidelity at 800-8ASHLAN (800-827-4526). If the call is made by 4:00PM Eastern time of the day the New York Stock Exchange is open your exchange will be effective as of the end of that day. Calls made after 4:00PM Eastern time or on a day the NYSE is not open will be effective as of the end of the next day the NYSE is open. However, your Restricted Company Match Account balance is not available for exchange except through partial diversification under rules described in the next section.

Partial Diversification Of Restricted Company Match Account

Plan members who are at least age 55 will be allowed, once each year, to transfer a portion of their Restricted Company Match Account to their unrestricted company match account. A member who is at least age 55 but not yet 60 can transfer 25%, cumulative. From age 60, 50%, cumulative, can be transferred. Eligible plan members will be notified and provided election information in advance of the election period.

Please note there are 2 separate, distinct steps that a member must evaluate and execute. First, there is the transfer from the Restricted Company Match Account to the unrestricted company match account. This transfer will be effective as described in your notice describing your election. After this transfer, the transferred amount is still invested in the Ashland Common Stock Fund and will continue to be so invested until the member separately directs otherwise.

The second step is the exchange between the Ashland Common Stock Fund and any other fund available under the Plan. This step is undertaken by calling Fidelity at 800-8ASHLAN (800-827-4526) under the rules described in the Changing Your Investment section. At the member's direction, it can take place on any day the New York Stock Exchange is open but not before September 30th.

Example:

Bob's 55th birthday is on December 1, 2001. He has \$1,000 in his Restricted Company Match Account at 9/30/01. Bob will be able to transfer \$250 from his Restricted Company Match Account to his unrestricted company match account effective as of the later of 9/30/01 or the day Bob makes his election in accordance with his notice. After that transfer is complete he can exchange all or a part of his Plan account in the Ashland Common Stock Fund, including the value of the amount transferred, with any other investment fund in the Plan.

Bob will have another opportunity to elect partial diversification in 2002 and so on each year thereafter. However, the amount transferable from his Restricted Company Match Account is cumulative. Therefore, if Bob elected to transfer \$250 in 2001 he will be able to transfer in 2002 only 25% of the incremental increase, if any, in his Restricted Company Match Account since 2001.

VESTING

All members are fully vested in their accounts and tax-deferred accounts under the Plan, regardless of their service with the Company.

Forfeitures

Vested benefits are forfeited if a member or beneficiary entitled to a benefit cannot be located. If such a member or beneficiary makes a proper claim prior to the termination of the Plan, the benefit which was forfeited shall be restored in an amount equal to the amount forfeited, unadjusted for any gains or losses.

LOANS AND WITHDRAWALS

The following provisions describe when loans and withdrawals may be made from the Plan. Questions about loans and withdrawals may be answered by calling Fidelity at 800-8ASHLAN (800-827-4526).

Loans

To obtain a loan from the Plan you must be a member who is actively being paid using the Ashland payroll system.

You may borrow from your account up to the lesser of (a) 50% of your account 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. (Amounts in your Restricted Company Match Account are not considered in determining the amount you can borrow.) You may not borrow less than \$1,000. No more than 2 loans may be outstanding at any time. Your Plan accounts (excluding amounts in your Restricted Company Match Account) will be security for your loan.

You will be required to repay the amount of your loan over a period not to exceed 5 years. You must repay through payroll deduction. However, prepayment in full by certified or cashier's check, or money order, made payable to Fidelity Investments, is allowed. (Partial pre-payment is not allowed.) You may call Fidelity to request the amount due to prepay your loan in full.

Interest on your loan will be at the prime rate on the last business day of the month before the loan is extended to you plus 1.00%. Interest you pay on the loan will be credited to your Plan account as you repay the loan as earnings in the same fund or funds, in the same percentages, you selected for your contributions. Please note that because the interest you pay to your account must be treated as "earnings" by the Plan, the interest you pay to your Plan account will be taxable to you again upon distribution of your account.

A loan initiation fee and loan maintenance fee are payable to Fidelity to administer your loan. These fees will be charged against your account at the time they come due.

Usually a Plan member becomes unable to repay his or her loan because of termination of employment. But it can happen under any circumstances where the member is no longer being paid using the Ashland payroll system such as retirement or transfer to an employee classification being paid on a non-Ashland payroll system.

If you fail to repay your loan on schedule, for any reason, your account will be applied as necessary to repay your entire unpaid balance and you will be treated as having taken a taxable withdrawal of your entire unpaid balance at that time.

Example:

Frank borrowed \$10,000 3 years ago and the unpaid balance on his loan at the time of his retirement is \$6,000. Assume he has a Plan account balance of \$34,000 apart from his loan.

Because of his retirement Frank will no longer be able to repay his loan with payroll deductions. Frank has 3 options:

1. He can use \$6,000 of his assets outside the Plan to repay the loan in full. (Partial re-payments are allowed only through payroll withholding.) After repayment his loan will be canceled and his full account balance (\$40,000) will be invested as he chooses according to Plan terms. Because he is retiring his full account will be available for future withdrawal according to Plan terms.
2. Because he is retiring he can take a withdrawal now from the Plan. If he takes a lump sum withdrawal, his \$6,000 loan will be canceled and he will be paid the rest of his account (\$34,000). However, because he has already received the \$6,000 loan balance, his income tax must reflect a distribution of \$40,000.
3. If Frank does nothing, his loan will eventually go into default. When that happens, \$6,000 of his account will be applied to repay his loan leaving him with an adjusted account balance of \$34,000. However, for income tax purposes he will be treated as having withdrawn \$6,000 at the time of his default. His remaining \$34,000 account balance will remain in the Plan subject to future withdrawal options applicable to retirees.

Withdrawals During Employment

In-service Withdrawal:

You may withdraw any portion of your account except (a) Company contributions allocated within 24 months of the withdrawal; (b) amounts in your Restricted Company Match Account, and (c) if you are under age 59 1/2, your pre-tax contributions and earnings allocated to your pre-tax contributions. Only 1 such withdrawal is allowed in any 12 month period and the withdrawal cannot exceed the current value of your total

account. Although the amount of your withdrawal may be less than your regular, after-tax contributions, IRS rules would require that a portion of your withdrawal be allocated to earnings on your account balance. However, you may withdraw up to the amount of your after-tax contributions at 12/31/86 without incurring income tax liability. To initiate a withdrawal call Fidelity at 800-8ASHLAN (800-827-4526).

Withdrawal of Pre-tax Contributions:

If you are at least age 59 1/2, you may withdraw your pre-tax contributions, including the earnings on your pre-tax contributions. Only 1 such withdrawal is allowed in any 12 month period and you must first withdraw your after-tax contributions and company match (and earnings thereon) before you can withdraw pre-tax contributions. The withdrawal cannot exceed the current value of your total account less amounts in your Restricted Company Match Account. To initiate this withdrawal call Fidelity at 800-8ASHLAN (800-827-4526).

If you are under age 59 1/2 you may not withdraw your tax deferred account unless it is a financial hardship withdrawal.

Financial Hardship Withdrawals:

If you satisfy the requirements described below, you may apply for a hardship withdrawal. The amount potentially eligible for a hardship withdrawal is equal to all of your tax-deferred account as of December 31, 1988 plus subsequent tax-deferred contributions. However, you may not receive an amount as a hardship withdrawal in excess of the value of your accounts (less the balance in your Restricted Company Match Account) as of the date on which the withdrawal is approved. Approved hardship withdrawals are paid in a lump sum.

To receive a hardship withdrawal, you must demonstrate an immediate and heavy financial need. The amount withdrawn cannot exceed the amount necessary to satisfy the financial need plus the amount you reasonably anticipate to be necessary to pay any taxes resulting from the distribution. You must specify the hardship amount requested and sign the hardship withdrawal affidavit.

To demonstrate the financial need you must sign a hardship withdrawal affidavit provided by the Plan. When you apply for a hardship withdrawal from your tax-deferred account, you must also make a total withdrawal of all other available amounts coincident with the application for the hardship withdrawal.

An immediate and heavy financial need can be (1) unreimbursed medical expenses for you and your dependents; (2) costs directly related to the purchase (excluding mortgage payments) of your principal residence; (3) 12 months of tuition and related educational fees for post-secondary education for you, your spouse, or your children; or (4) payments necessary to prevent an eviction from or foreclosure on your principal residence.

To initiate the application for a hardship withdrawal, call Fidelity at 800-8ASHLAN (800-827-4526).

If you receive a hardship withdrawal, you are automatically suspended from all Plan contributions for 12 months. (You may continue to make any required loan repayments.) You are also ineligible to defer any compensation under any other deferred compensation plan maintained by the Company or the Plan Sponsor for 12 months. Contributions to the Plan are not automatically resumed after the suspension ends. To resume contributions to the Plan it will be necessary to call Fidelity at 800-8ASHLAN (800-827-4526). Additionally, tax-deferred contributions which may be allowed in the calendar year in which the hardship withdrawal was made are limited to the maximum amount of such contributions made during the calendar year under federal law minus the amount of any tax-deferred contributions made during the calendar year in which the hardship withdrawal was received.

Withdrawals Upon Termination of Employment

Upon termination of employment from the Company and all affiliated companies, you, or your beneficiary in the event of your death, may receive the entire value of your account and tax-deferred account. Any distribution made for an amount of \$3,500 or less may be made without your consent.

You may elect to receive your Plan account in a lump sum or in monthly, quarterly or annual installments. See below for a more complete description of these distributions.

Lump Sum Distribution:

You may elect to have your benefit paid in a single lump sum immediately or defer your distribution for up to 20 years from your termination date (see **Required Distributions** section for possible limitations). However, if your account is valued at more than \$3,500, no distribution may be made without your consent before you attain age 65. This would also apply to a spousal beneficiary, if applicable, in the event of your

death, except that the consent requirement does not apply. In the event of a nonspousal beneficiary, the distribution must be received within 5 years of your death.

To initiate this withdrawal call Fidelity at 800-8ASHLAN (800-827-4526) shortly before you want to receive your distribution. Your payment will be mailed to you within 3 to 5 business days of your call.

Installment Distribution:

You may elect to receive payment of your accounts in monthly, quarterly or annual installments over a period not exceeding 20 calendar years from the year in which your employment terminated (see **Required Distributions** section for possible limitations). Annual installment payments must be received in January of each year elected. Each installment may be made in a designated dollar amount or as a percentage of your account value. The portion of your account that remains in the Plan during the installment distribution period will be adjusted for allocated investment gains and losses and expenses. You may change your future payment instructions at any time. You may elect to change the frequency of payments (but only monthly, quarterly or annual payments) or the amount of payments, or you may elect to receive the balance of your account in a single lump sum payment. If you die before receiving your total benefit, your spousal beneficiary may elect to receive the remaining benefit in installments under the same rules that applied to you.

To initiate an installment withdrawal (or to change an existing installment withdrawal) call Fidelity at 800-8ASHLAN (800-827-4526).

You may also receive irregular distributions instead of regular, recurring installments. For example, you could call Fidelity and withdraw a specified amount from your accounts without having to specify how or when you want to receive the remainder of your accounts. In that way you could leave the remainder of your accounts invested in the Plan until you decide you want another withdrawal. However, you may not defer distribution of your account beyond 20 calendar years from the year in which your employment terminated. See also **Required Distributions** section for possible limitations.

Annuity Distribution for Plan Members at 9/30/95:

If you had an account balance under the Plan at 9/30/95, upon your termination of employment you may elect to have your Plan benefit used to purchase a single premium non-transferable annuity contract from an insurance company selected by you.

CAUTION: This form of distribution may not be advantageous to Plan members. Although the Plan has not received a request for an annuity in many years, IRS rules require that it be preserved for those with an account balance at 9/30/95. Before you elect this option, be absolutely certain that you are aware of its consequences and that it meets your needs.

If you are not married when annuity payments commence, you would receive monthly payments in the form of a single life annuity, with payments ending upon your death. If you are married when payments commence, you would receive monthly payments in the form of a qualified joint and survivor annuity with your spouse as beneficiary. Under this form of payment, the amount otherwise payable during your lifetime is reduced and, after your death, monthly benefits will be paid to your surviving spouse in an amount equal to 50% of the monthly benefit which was paid during your life. You may choose the single life annuity form of payment, if you are married, but you will need your spouse's notarized consent within 90 days before payments begin.

To request an annuity contact the Ashland Employee Benefits Department at 800-782-4669 or Lexington extension 7850.

Required Distributions

Because of federal law, the Plan requires distributions to begin when you attain age 70 1/2, regardless of whether you have terminated employment. Required distributions are payable annually over your life expectancy and the amount of the distribution is equal to the value of the benefit divided by the number of years remaining in the distribution period. Your life expectancy is determined at the time the minimum distributions begin and is not recalculated.

NAMING YOUR BENEFICIARY

With your enrollment packet there is a form to designate your beneficiary. Beneficiary designation forms may also be obtained from the Employee Benefits Department in Lexington, Kentucky (telephone: 800-782-4669 or Lexington extension 7850).

All beneficiary designations and all changes must be filed with the Employee Benefits Department in Lexington, Kentucky. Any beneficiary designation will be effective as of the date the form is signed if it is properly filed and received. Each effective designation supersedes all prior designations.

If you are married, designating someone other than your spouse as the primary beneficiary requires your spouse's notarized consent. If, at the time of your death, no effective beneficiary designation is on file, the benefit will be distributed to your surviving spouse, or, if there is no surviving spouse, then to your estate.

FEDERAL INCOME TAX

The taxable portion of any withdrawal or distribution from the Plan is subject to federal income tax. The rules determining the taxable portion are complicated and a detailed discussion of those rules is beyond the scope of this summary.

A 20% federal tax must be withheld on the taxable portion of any distribution, except for installment distributions that are elected to be paid over a period of at least 10 years in substantially equal payments. However, if you elect a direct rollover of your account to an IRA or other tax qualified retirement plan, no federal tax will be withheld. In addition, federal taxes will be withheld at 10% if you are receiving certain installment distributions (i.e., generally substantially equal installments for 10 or more years) or required minimum distributions, unless you elect not to have taxes withheld. These types of installments are not eligible for direct rollover.

Plan representatives cannot provide personal income tax advice to members and beneficiaries concerning the tax consequences of distributions. Members and beneficiaries who desire information on the tax consequences beyond that contained in the prospectus should consult their own tax counsel.

CLAIM PROCEDURES

How to Apply for Benefits

To initiate a loan or withdrawal, you (or your beneficiary) must call Fidelity at 800-8ASHLAN (800-827-4526). Any necessary forms will be sent to you (or your beneficiary).

If Your Benefit Claim is Denied

If your claim is denied (in whole or in part), you will receive, within 90 days after receipt of the claim, a written explanation detailing the specific reasons for the denial, the Plan provisions upon which the denial was based, any additional information which must be provided to perfect the claim and the reasons why that information is necessary, and the procedures for further review of your claim.

However, if you receive no response to the claim within 90 days, then the claim is deemed to be denied and you may proceed to the appeal procedure described in the next 2 paragraphs.

A claimant has the right to appeal a denial by submitting a written application to the Plan Administrator within 60 days after the claim has been denied. The claimant or his or her representative may review the Plan text and submit written comments. The request for review must be submitted to the Employee Benefits Department in Lexington, Kentucky. A failure to file an appeal within 60 days of the denial may result in the waiver of the right to appeal.

The Plan Administrator will review the appeal and claim denial and notify the claimant of its decision within 60 days (120 days if special circumstances apply). That decision will be in writing and will include the specific reasons for the decision and the Plan provisions upon which it was based. However, if no response is received to the appeal within 60 days (or 120 days, if applicable), then the appeal is deemed to be denied. No additional appeals are allowed.

PLAN INFORMATION

Plan Sponsor/Administrator

Ashland Inc. is the Plan Sponsor and Plan Administrator. The Plan Administrator has the responsibility of managing, operating and interpreting the Plan. The address and telephone number are:

Ashland Inc.
Employee Benefits Department
P.O. Box 14000
Lexington, KY 40512
(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.

The Plan Administrator has designated Fidelity as the recordkeeper for the Plan and as its representative to discharge a number of its responsibilities under the Plan. Fidelity can be reached at 800-8ASHLAN (800-827-4526). 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.

Plan Identification

The Ashland Inc. Employee Savings Plan is a trustee defined contribution plan intended to qualify under Sections 401(a), 401(k) and 401(m) of the Internal Revenue Code. It is identified by the following numbers under the IRS rules:

The Employer Identification Number assigned by the IRS is 61-0122250. The Plan Number assigned to the Plan is 010.

The Plan is intended to constitute a plan described in section 404(c) of ERISA. Because of this, the Plan fiduciaries may be relieved of liability for any losses that are the direct and necessary result of investment instructions given by members or beneficiaries.

Plan Year

For recordkeeping purposes, effective from January 1, 1997 the Plan Year is the calendar year.

Trust Fund

Contributions from members and the Company go into a trust fund established for Plan purposes under the terms of a trust agreement. The name and address of the Trustee are:

Fidelity Management Trust Company
82 Devonshire Street
Boston, MA 02109

Any investment management fees are charged to the respective fund's assets. Investment gains and losses allocated to member accounts in funds invested in one or more mutual funds are net of charges imposed on the assets of the mutual funds. The Company currently pays the costs of plan recordkeeping and the Trustee's asset custodian fees. The right is reserved to change these practices, in whole or in part, at any time and/or to name, at any time, a new trustee or trustees.

Statement of Account

The recordkeeper periodically furnishes members with a statement of their account balances. These statements are currently prepared to reflect account balance information as of the end of each calendar quarter.

Also, members are furnished a summary annual report for each Plan year containing financial information about the Plan.

Legal Process

Service of legal process may be made upon the Secretary of Ashland Inc., P.O. Box 391, Ashland, Kentucky 41114. 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:

- (1) 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.

- (2) 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.
- (3) 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.
- (4) 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.
- (5) 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 \$100 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 law suit, 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 U.S. Labor-Management Service Administration, Department of Labor.

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 type of plan are not insured by the Pension Benefit Guaranty Corporation (PBGC) if the Plan terminates.

Availability of Documents

Ashland is subject to the information requirements of the Securities Exchange Act of 1934 (the "Act") and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). All documents filed with the Commission by Ashland or the Plan pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Act, prior to the filing of a post-effective amendment to the Registration Statement for the Plan which indicates that all securities offered hereby have been sold or which deregisters all such securities remaining unsold, shall be deemed to be incorporated by reference in the Section 10(a) Prospectus for the Plan and to be a part thereof from the date of filing of such documents. Ashland agrees to provide without charge to each participant in the Plan, upon the written or oral request of any such participant, a copy of any or all of such documents referred to above other than exhibits to such documents. Requests for such copies should be directed to T. L. Feazell, Secretary, Ashland Inc., P.O. Box 391, Ashland, Kentucky 41114 (telephone 606-329-3333).

Assignment of Benefits

Benefits under the Plan are not assignable. You may not pledge or otherwise transfer your right to receive benefits except under a qualified domestic relations order or pursuant to a loan from the Plan.