ASHLAND INC.
Form 11-K
June 13, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

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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):

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

For the fiscal year ended December 31, 2012

OR

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

Telephone Number (859) 815-3333

Ashland Inc. Union Employee Savings Plan

Financial Statements and Schedules

December 31, 2012 and 2011 and for the year ended
December 31, 2012, with Report of Independent Registered Public Accounting Firm

CONTENTS

* 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 Investment and Administrative Oversight Committee
and Participants of the Ashland Inc. Union Employee Savings Plan

We have audited the accompanying statements of net assets available for benefits of the Ashland Inc. Union Employee Savings Plan (the “Plan”) as of December 31, 2012 and 2011, and the related statement of changes in net assets available for benefits for the year ended December 31, 2012. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the auditing 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. The Plan is not required to have, nor were we engaged to perform, an audit of its 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2012 and 2011, and the changes in net assets available for benefits for the year ended December 31, 2012, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental Schedule H, line 4i - Schedule of Assets (Held at End of Year) is presented for the purpose of additional analysis and is not a required part of the 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. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Lexington, Kentucky
June 13, 2013

ASHLAND INC. UNION EMPLOYEE SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

(in thousands)	December 31 2012	2011
Assets		
Investments, at fair value:		
Interest in the Ashland Inc. Savings Plan Master Trust	$28,955	$26,990
Receivables:		
Contributions	275	217
Participant loans	1,485	1,248
Total assets	30,715	28,455
Liabilities		
Accrued expenses	22	13
Total liabilities	22	13
Net assets available for benefits at fair value	30,693	28,442
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(453)	(503)
Net assets available for benefits	$30,240	$27,939

See accompanying notes to financial statements.

ASHLAND INC. UNION EMPLOYEE SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

Year Ended December 31, 2012

(in thousands)	
Additions to net assets attributed to:	
Plan interest in Ashland Inc. Savings Plan Master Trust investment income	$3,791
Contributions:	
Participants	1,713
Employer	849
Rollover	20
Loan interest	58
Total additions	6,431
Deductions from net assets attributed to:	
Benefits paid to participants	(3,152)
Administrative expenses	(20)
Total deductions	(3,172)
Transfers	(958)
Net change in plan assets	2,301
Net assets available for benefits, beginning of year	27,939
Net assets available for benefits, end of year	$30,240

See accompanying notes to financial statements.

ASHLAND INC. UNION EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011
($ in thousands, except participant data)

NOTE A – DESCRIPTION OF THE PLAN

General

The following description of the Ashland Inc. Union 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 or the Company), as Plan Administrator, retains all rights to determine, interpret and apply the Plan's terms to factual matters and matters of law. This retained discretionary authority is more particularly described in the Summary Plan Description and in the Plan document.

As of December 31, 2010, the Hercules Savings and Investment Plan was renamed the Ashland Inc. Union Employee Savings Plan. In conjunction with this change, a majority of the participants were transferred to the Ashland Inc. Employee Savings Plan with the exception of a select group of union-affiliated employees. In 2012, a majority of the $958 in "Transfers" on the Statement of Changes in Net Assets Available for Benefits related to investment assets and participant loans transferred to the Ashland Inc. Employee Savings Plan as a result of union negotiations. The union-affiliated employees remaining in the Plan will continue to do so indefinitely. The Trustee and Recordkeeper for the Plan is Fidelity Management Trust Company.

Contributions

Eligibility and Employee Contributions

Upon hire, all employees of Ashland or any subsidiary or affiliate who are members of a collective bargaining unit that has bargained to participate in the Plan: (1) are eligible to participate in the Plan; (2) are enrolled in the Plan unless they choose not to participate and (3) obtain non-forfeitable ("vested") rights to the full market value of their account. At enrollment, participants may elect to contribute from 1% to 50% of their monthly wages on either a pre-tax or post-tax basis, or a combination thereof subject to Internal Revenue Code (IRC) limitations. New participants are deemed to elect to contribute 3% of their wages as pre-tax contributions, unless they elect otherwise. Excluding catch-up contributions, participants were limited to contributions of $17,000 in 2012.

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 2012.

Employer Contributions

Ashland contributes a matching contribution of 50% of the first 6% of the earnings that an employee contributes to the Plan for the pay period. The matching contribution may be made in shares of stock or cash.

ASHLAND INC. UNION EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE A – DESCRIPTION OF THE PLAN (continued)

Contributions (continued)

Basic Retirement Contributions

For employees hired on or after January 1, 2005, Ashland also makes a Basic Retirement Contribution equal to 2% of their earnings each pay period.

Performance Retirement Contribution

Effective January 1, 2005, the Plan was amended to permit variable employer contributions to eligible participants. This Performance Retirement Contribution (PRC) is based on Company performance each year against specific performance targets. Effective January 1, 2009, Company performance may include the metrics deemed advisable or convenient and may include performance of the whole Company and each affiliate. Company performance at target will generate an average PRC contribution equal to 3% of participant's annual wages. If the Company's performance exceeds the target, the average contribution could go up to 6% of annual wages. If the Company achieves the target in a given year and generates a 3% pool, the Company will make contributions to the participants' accounts in these amounts:

Period of Service	Percentage of Compensation
1 - 10 years	1.5%
11 - 20 years	3.0%
21 or more years	4.5%

The Company performance target for the PRC for 2012 and 2011 was Operating Income and Working Capital. The actual 2012 and 2011 payments were $193 and $139, respectively, and are included in "Contributions Receivable" on the Statements of Net Assets Available for Benefits.

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 Internal Revenue Service (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. 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.

Voting Rights

Participants may instruct the trustee on how to vote shares of Ashland Inc. Common Stock held in their Ashland Common Stock Fund account and are notified by the trustee prior to the time such rights are to be exercised. The trustee will vote fractional shares and shares for which it received no instructions in the same proportion as the voting instructions on allocated shares received from participants. Participants may also direct the trustee on how to respond if a tender offer is made for Ashland Inc. Common Stock. If no instructions are received from a participant on a tender offer, it will be considered to be instruction to the trustee not to respond to the offer.

ASHLAND INC. UNION EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE A – DESCRIPTION OF THE PLAN (continued)

Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of (a) the Company's contribution and (b) Plan earnings (losses), and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Rollovers

Participants may elect to rollover amounts from other qualified plans into this Plan in accordance with the guidelines required by the Plan and the IRC.

Participant Loans

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

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 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.

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 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. Certain prior year amounts have been reclassified herein to conform to the current method of presentation.

ASHLAND INC. UNION EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE B – SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

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.

Master Trust

The investments of the Plan are pooled with the investments of the Ashland Inc. Employee Savings Plan and the International Specialty Products Inc. 401(k) Plan in a master trust pursuant to an amended agreement between Fidelity Management Trust Company, the trustee, and Ashland — Ashland Inc. Savings Plan Master Trust (the Master Trust), effective October 1, 2012. During 2011, the Plan investments were transferred into the Master Trust, which resulted in the commingling of funds and thus the Master Trust presentation. In 2012, the investments of International Specialty Products Inc. 401(k) Plan also transferred into the Master Trust.

Investments

The Plan's investment in the Master Trust is stated at fair value based on the fair value of the underlying investments of the Master Trust. These investments are determined primarily by quoted market prices, except for the Stable Value Fund (see Note E).

Investment Contracts

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 Statements 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.

Income and Expense Recognition

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 Master Trust's gains and losses on investments bought and sold as well as held during the year. This activity is presented as "Plan interest in Ashland Inc. Savings Plan Master Trust investment income" on the Statement of Changes in Net Assets Available for Benefits.

Payment of Benefits

Benefits are recorded when paid.

Administrative Expenses

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.

ASHLAND INC. UNION EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE B – SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements

In January 2010, the FASB issued Accounting Standards Update 2010-06, Improving Disclosures about Fair Value Measurements (ASU 2010-06). The updates as a result of this guidance were implemented for periods beginning after December 15, 2009, with the exception of the requirement to present changes in Level 3 measurements on a gross basis, which became effective during 2011. Adoption of ASU 2010-06 did not have a material effect on the Plan's Statements of Net Assets Available for Benefits or its Statement of Changes in Net Assets Available for Benefits.

In May 2011, the FASB issued Accounting Standards Update 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs (ASU 2011-04). ASU 2011-04 establishes common fair value techniques between accounting principles generally accepted in the United States (U.S. GAAP) and International Financial Reporting Standards (IFRSs), as well as improves understandability of the fair value disclosures. The guidance in ASU 2011-04 became effective for reporting periods beginning after December 15, 2011. Adoption of ASU 2011-04 did not have a material effect on the Plan's Statements of Net Assets Available for Benefits, Statement of Changes in Net Assets Available for Benefits or its Notes to Financial Statements.

NOTE C – MASTER TRUST INVESTMENTS

The Master Trust was created during 2011 upon the transfer of assets which combined with the Ashland Inc. Employee Savings Plan assets to ultimately form the current Master Trust. During 2012, the International Specialty Products Inc. 401(k) Plan joined the Master Trust. At December 31, 2012 and 2011, the Plan's interest in the net assets of the Master Trust was approximately 1.9% and 2.4%, respectively. As the Plan's only investment, the Plan's interest in the net assets of the Master Trust represents more than 5% of the Plan's net assets at December 31, 2012 and 2011. The Master Trust allocates individual assets to each plan participating in the Master Trust arrangement. Therefore, the investment results from individual assets of the Plan may not reflect its proportionate interest in the Master Trust.

ASHLAND INC. UNION EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE C – MASTER TRUST INVESTMENTS (continued)

The following table presents the assets including investments, receivables and liabilities of the Master Trust at December 31:

	2012	2011
Investments, at fair value:		
Ashland Common Stock Fund		
Money Market Fund	$1,090	$1,870
Ashland Inc. Common Stock	179,751	154,209
Shares of Registered Investment Companies		
Domestic Equity	337,659	209,400
International Equity	51,594	27,531
Bond/Fixed Income	141,175	90,290
Lifecycle/Blended	469,830	369,581
Self-directed Brokerage Accounts	10,910	8,859