

ASHLAND INC.
Form S-4/A
September 15, 2008
Table of Contents

As filed with the Securities and Exchange Commission on September 15, 2008

Registration No. 333-152911

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 1

TO

FORM S-4

REGISTRATION STATEMENT

UNDER THE SECURITIES ACT OF 1933

ASHLAND INC.

(Exact name of Registrant as specified in its charter)

Kentucky
(State or other jurisdiction of

5160
(Primary Standard Industrial

20-0865835
(I.R.S. Employer

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incorporation or organization)

Classification Code Number)
50 E. RiverCenter Boulevard

Identification Number)

P.O. Box 391

Covington, Kentucky 41012-0391

(859) 815-3333

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

David L. Hausrath, Esq.

Senior Vice President and General Counsel

50 E. RiverCenter Boulevard

Covington, Kentucky 41012-0391

(859) 815-3333

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Jeffrey J. Margulies, Esq.	David A. Katz, Esq.	Justin P. Klein, Esq.	Richard G. Dahlen, Esq.
Squire, Sanders & Dempsey L.L.P.	Wachtell, Lipton, Rosen & Katz	Ballard Spahr Andrews & Ingersoll, LLP	Chief Legal Officer
4900 Key Tower	51 West 52 nd Street	1735 Market Street	Hercules Incorporated
127 Public Square	New York, New York 10019	Philadelphia, Pennsylvania 19103	1313 North Market Street
Cleveland, Ohio 44114-1304	(212) 403-1000	(215) 864-8606	Hercules Plaza
(216) 479-8500			Wilmington, Delaware 19894-0001
			(302) 594-5000

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after the effective date of this Registration Statement.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

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If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Accelerated filer

Smaller Reporting Company

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to Section 8(a), may determine.

Table of Contents

The information in the accompanying proxy statement/prospectus is not complete and may be changed. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. The accompanying proxy statement/prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state or other jurisdiction where the offer or sale is not permitted.

Subject to Completion, dated September 15, 2008

[], 2008

To the Shareholders of Hercules Incorporated:

You are cordially invited to attend a special meeting of shareholders of Hercules Incorporated, which we refer to as Hercules, to be held on [], 2008, at [][] .m., local time, at Hercules Plaza, 1313 North Market Street, Wilmington, Delaware 19894-0001.

The special meeting will be held for the following purposes:

1. To consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated July 10, 2008, pursuant to which Ashland Inc. (Ashland) will acquire Hercules and each outstanding share of Hercules common stock (other than shares held by Ashland or its subsidiaries, treasury shares and shares with respect to which appraisal rights under Delaware law have been demanded and perfected) will be converted into the right to receive 0.0930 of a share of Ashland common stock and \$18.60 in cash.
2. To consider and vote upon a proposal to authorize the proxy holders to vote to adjourn the special meeting, in their sole discretion, to solicit additional proxies if there are not sufficient votes in favor of proposal 1.
3. To transact any other business as may properly come before the special meeting or any adjournments of the special meeting for reasons other than those provided in proposal 2.

The items of business are described in the attached proxy statement/prospectus. Only Hercules shareholders of record at the close of business on September 19, 2008 are entitled to notice of and to vote at the special meeting and any adjournments of the special meeting.

The Hercules board of directors has approved the merger agreement and the merger and determined that the merger agreement and the merger are advisable for, fair to, and in the best interests of, Hercules and its shareholders. **The Hercules board of directors unanimously recommends that you vote FOR the adoption of the merger agreement at the special meeting.**

The receipt of shares of Ashland common stock and cash pursuant to the merger agreement will be a taxable transaction for U.S. federal income tax purposes as described in the section titled The Merger Material U.S. Federal Income Tax Consequences beginning on page 55 of the accompanying proxy statement/prospectus.

Shares of Hercules and Ashland common stock are listed on the New York Stock Exchange under the symbols HPC and ASH, respectively. On [], 2008, the most recent practicable trading day prior to the printing of the accompanying proxy statement/prospectus, the last sale price of Hercules common stock was \$[] per share and the last sale price of Ashland common stock was \$[] per share.

We cannot complete the merger unless the merger agreement is adopted by the affirmative vote of two-thirds of the shares of Hercules common stock outstanding as of the record date. A failure to vote is the same as voting against the merger. We therefore encourage you to read carefully the accompanying proxy statement/prospectus and return the enclosed proxy card as promptly as possible. **In particular, please see the section titled Risk Factors beginning on page 16 of the accompanying proxy statement/prospectus, which describes risks that you should consider in evaluating the merger.**

Sincerely,

John K. Wulff

Chairman of the Board

Craig A. Rogerson

President and Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the securities to be issued in the merger or determined if the accompanying proxy statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The accompanying proxy statement/prospectus is dated [], 2008, and is being first mailed to shareholders of Hercules on or about [], 2008.

Table of Contents

References to Additional Information

The accompanying proxy statement/prospectus incorporates by reference important business and financial information about Ashland and Hercules from documents that are not delivered with the proxy statement/prospectus. This information is available to you without charge upon your written or oral request. You can obtain the documents incorporated by reference in the accompanying proxy statement/prospectus by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

Ashland Inc.	Hercules Incorporated
50 E. RiverCenter Boulevard	Hercules Plaza
P.O. Box 391	1313 North Market Street
Covington, Kentucky 41012-0391	Wilmington, Delaware 19894-0001
Attention: Corporate Secretary	Attention: Corporate Secretary
Telephone: (859) 815-4454	Telephone: (800) 441-9247

In addition, if you have questions about the merger or the special meeting, need additional copies of this document or need to obtain proxy cards or other information related to the proxy solicitation, you may contact the proxy solicitor listed below. You will not be charged for any of these documents that you request.

MacKenzie Partners, Inc.

105 Madison Avenue

New York, New York 10016

(212) 929-5500 (call collect)

or

(800) 322-2885 (toll-free)

proxy@mackenziepartners.com (e-mail address)

If you would like to request documents, please do so by [], 2008 in order to receive them before the special meeting.

See [Where You Can Find More Information](#) or [Incorporation by Reference](#) on pages 115 and 116, respectively, of the accompanying proxy statement/prospectus for more information about the documents referred to in the proxy statement/prospectus.

You should rely only on the information which is contained in the accompanying proxy statement/prospectus or to which we have referred in the proxy statement/prospectus. We have not authorized anyone to provide you with different information. You should not assume that the information contained in or incorporated by reference into the accompanying proxy statement/prospectus is accurate as of any date other than the date of the proxy statement/prospectus or the date of the document that is incorporated by reference.

The accompanying proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction.

Table of Contents

Hercules Incorporated

Hercules Plaza

1313 North Market Street

Wilmington, Delaware 19894-0001

(800) 441-9247

Notice of Special Meeting of Shareholders

To Be Held on [], 2008

To: Shareholders of Hercules Incorporated

Subject: Notice of Special Meeting to Vote Upon a Proposal to Adopt an Agreement and Plan of Merger

NOTICE IS HEREBY GIVEN that a special meeting of shareholders of Hercules Incorporated, a Delaware corporation, which we refer to as Hercules, will be held on [], 2008, at []:00 [].m., local time, at Hercules Plaza, 1313 North Market Street, Wilmington, Delaware 19894-0001. The purposes of the special meeting are:

1. To consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated July 10, 2008, pursuant to which Ashland Inc. (Ashland) will acquire Hercules and each outstanding share of Hercules common stock (other than shares held by Ashland or its subsidiaries, treasury shares and shares with respect to which appraisal rights under Delaware law have been demanded and perfected) will be converted into the right to receive 0.0930 of a share of Ashland common stock and \$18.60 in cash.
2. To consider and vote upon a proposal to authorize the proxy holders to vote to adjourn the special meeting, in their sole discretion, to solicit additional proxies if there are not sufficient votes in favor of proposal 1.
3. To transact any other business as may properly come before the special meeting or any adjournments of the special meeting for reasons other than those provided in proposal 2.

Shareholders of record as of the close of business on September 19, 2008 will be entitled to vote at the special meeting. We encourage you, whether or not you plan to attend the special meeting, to vote by proxy card, telephone or Internet in advance of the special meeting. You may attend the special meeting and change your vote at that time if you wish to do so.

If you are a shareholder of record and plan to attend the special meeting, please bring with you valid government-issued photo identification (such as a driver's license or passport) in order to gain admission to the special meeting. If your shares are held in the name of a bank, broker or nominee, you will have to bring evidence of your ownership of Hercules shares as of the record date, in addition to valid government-issued photo identification, if you wish to attend the special meeting. Examples of proof of ownership include the following:

a letter from your bank, broker or nominee stating that you owned your shares as of the record date;

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an account statement from your bank, broker or nominee indicating that you owned your shares as of the record date; or

a copy of the voting instruction card provided by your bank, broker or nominee indicating that you owned your shares as of the record date.

Table of Contents

If you are a proxy holder for a Hercules shareholder, to gain entry to the special meeting you must bring:

a validly executed proxy naming you as the proxy holder, signed by a Hercules shareholder who owned Hercules stock as of the record date;

valid government-issued photo identification (such as a driver's license or passport); and

if the shareholder whose proxy you hold was not a record holder of Hercules shares as of the record date, proof of the shareholder's ownership of Hercules shares as of the record date, in the form of a letter or statement from a bank, broker or nominee or the voting instruction card provided by the bank, broker or nominee in each case, indicating that the shareholder owned those shares as of the record date.

By Order of the Board of Directors,

Wilmington, Delaware
[], 2008

Israel J. Floyd
Corporate Secretary and General Counsel

Hercules Incorporated

Your vote is important. Please vote as soon as possible, whether or not you expect to attend the special meeting in person. You may vote by telephone, through the Internet or by completing, dating and signing the enclosed proxy card and returning it in the enclosed postage prepaid envelope. You may change your vote at any time before the special meeting or by attending the special meeting and voting in person. A failure to vote is the same as voting against the merger. Please do not send your common stock certificates at this time. If the merger is completed, you will be sent instructions regarding the surrender of your certificates.

IMPORTANT NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS

FOR THE SPECIAL MEETING TO BE HELD ON [], 2008

The accompanying proxy statement/prospectus for the special meeting to be held on [], 2008, Hercules' annual report to its shareholders on Form 10-K for the year ended December 31, 2007 and Hercules' other filings with the Securities and Exchange Commission are available to Hercules shareholders, free of charge, at www.herc.com/shareholderinfo.

Table of Contents**PROXY STATEMENT/PROSPECTUS**

Hercules is providing this proxy statement/prospectus and accompanying proxy card to you in connection with the solicitation by the Hercules board of directors of proxies to be voted at a special meeting of shareholders and at any adjournment of the special meeting. This proxy statement/prospectus also constitutes a prospectus of Ashland for the shares of Ashland common stock to be issued to shareholders of Hercules pursuant to the merger of a wholly owned subsidiary of Ashland with and into Hercules.

TABLE OF CONTENTS

<u>Questions and Answers About the Merger and the Special Meeting of Shareholders</u>	1
<u>Summary</u>	5
<u>Risk Factors</u>	16
<u>Risks Relating to the Merger</u>	16
<u>Risks Relating to Ashland and Hercules</u>	20
<u>Forward-Looking Statements</u>	21
<u>Selected Historical Financial and Other Data of Ashland</u>	22
<u>Selected Historical Financial and Other Data of Hercules</u>	23
<u>Selected Unaudited Pro Forma Combined Condensed Financial Information of Ashland</u>	24
<u>Comparative Per Share Data</u>	25
<u>Comparative Stock Prices and Dividends</u>	26
<u>The Special Meeting of Shareholders of Hercules Incorporated</u>	27
<u>Time, Place and Purpose of the Special Meeting</u>	27
<u>Record Date; Voting Information; Required Vote</u>	27
<u>Voting in Person</u>	28
<u>Voting by Proxy</u>	28
<u>Revocation of Proxies</u>	28
<u>Effects of Abstentions and Broker Non-Votes</u>	29
<u>Hercules Incorporated Savings and Investment Plan</u>	29
<u>Share Ownership of Management and Certain Shareholders</u>	29
<u>Solicitation of Proxies</u>	29
<u>Assistance</u>	30
<u>The Merger</u>	30
<u>General</u>	30
<u>Background of the Merger</u>	30
<u>Recommendation of the Hercules Board of Directors; Reasons for the Merger</u>	37
<u>Opinion of Credit Suisse Securities (USA) LLC</u>	40
<u>Hercules Analyses</u>	43
<u>Ashland Analyses</u>	46
<u>Ashland's Reasons for the Merger</u>	48
<u>Interests of Hercules Directors and Executive Officers in the Merger</u>	48
<u>Manner and Procedure for Exchanging Shares of Hercules Common Stock; No Fractional Shares</u>	53
<u>Treatment of Warrants</u>	54
<u>Treatment of Convertible Debentures</u>	54
<u>Governmental and Regulatory Approvals</u>	54
<u>Merger Expenses, Fees and Costs</u>	55
<u>Accounting Treatment</u>	55
<u>Termination of Exchange Fund</u>	55
<u>No Liability</u>	55
<u>Material U.S. Federal Income Tax Consequences</u>	55
<u>Appraisal Rights</u>	57
<u>Stock Exchange Listing</u>	59

Table of Contents

<u>Delisting and Deregistration of Hercules Common Stock</u>	59
<u>Dividends</u>	60
<u>Employee Matters</u>	60
<u>Adjournment of the Hercules Special Meeting</u>	60
<u>Financing Commitments</u>	61
<u>The Merger Agreement</u>	64
<u>Form of the Merger</u>	64
<u>Merger Consideration</u>	64
<u>Closing</u>	65
<u>Effective Time</u>	65
<u>Treatment of Stock Options</u>	65
<u>Treatment of Warrants and Convertible Debentures</u>	66
<u>Treatment of Restricted Stock</u>	66
<u>Treatment of Restricted Stock Units</u>	66
<u>Representations and Warranties</u>	67
<u>Covenants and Agreements</u>	69
<u>Conditions to the Merger</u>	77
<u>Termination</u>	78
<u>Effect of Termination</u>	79
<u>Termination Fees and Expenses</u>	79
<u>Public Announcements</u>	80
<u>Stock Exchange Listing</u>	80
<u>Section 16 Matters</u>	81
<u>Certain Tax Matters</u>	81
<u>Shareholder Meeting</u>	81
<u>Management of Hercules After the Merger</u>	81
<u>Amendment and Waiver</u>	81
<u>Comparative Rights of Ashland Shareholders and Hercules Shareholders</u>	82
<u>Capitalization</u>	82
<u>Voting Rights of Shareholders</u>	82
<u>Size of the Board of Directors</u>	83
<u>Classification of the Board</u>	83
<u>Vacancies on the Board</u>	83
<u>Removal of Directors</u>	84
<u>Notice of Shareholders Meetings</u>	84
<u>Ability to Call Special Meetings of Shareholders</u>	85
<u>Action by Written Consent of Shareholders</u>	85
<u>Shareholder Proposals</u>	86
<u>Director Nominations by Shareholders</u>	86
<u>Dividends</u>	87
<u>Amendment to Charter Documents</u>	88
<u>Amendment to By-laws</u>	89
<u>Mergers and Share Exchanges</u>	90
<u>Appraisal Rights</u>	91
<u>Anti-takeover Statutes and Charter Provisions</u>	92
<u>Duties of Directors</u>	94
<u>Limitations on Liability of Directors and Officers</u>	94
<u>Indemnification of Directors and Officers</u>	95

Table of Contents

<u>Description of Ashland's Capital Stock</u>	97
<u>Preferred stock</u>	97
<u>Common stock</u>	97
<u>Anti-takeover effects</u>	98
<u>Unaudited Pro Forma Combined Condensed Financial Information</u>	100
<u>Experts</u>	114
<u>Legal Matters</u>	114
<u>Shareholder Proposals</u>	114
<u>Householding of Proxy Materials</u>	114
<u>Where You Can Find More Information</u>	115
<u>Incorporation by Reference</u>	116

Annexes:

Annex A	Agreement and Plan of Merger
Annex B	Section 262 of the General Corporation Law of the State of Delaware
Annex C	Opinion of Credit Suisse Securities (USA) LLC

Table of Contents

Questions and Answers About the Merger and the Special Meeting of Shareholders

What is the proposed transaction upon which I am being asked to vote?

You are being asked to vote to adopt a merger agreement entered into by Hercules with Ashland and a subsidiary of Ashland. In the merger, Merger Sub, a newly formed, wholly owned subsidiary of Ashland, will be merged with and into Hercules, which we refer to as the merger. When the merger is completed, Hercules will be a wholly owned subsidiary of Ashland. The terms and conditions of the merger are described in detail in this proxy statement/prospectus.

Why are Hercules and Ashland proposing the merger?

Ashland's acquisition of Hercules is an important step towards Ashland's goal of becoming a leading specialty chemicals company. The companies each have a proud history of nearly 100 years of innovation, dedication and service. The merger would create a defined business core composed of three specialty chemical businesses with very good market positions and promising global growth potential: specialty additives and ingredients, paper and water technologies and specialty resins. Ashland expects its financial profile to be enhanced significantly through reduced earnings volatility, improved profitability and greater cash flow generation. For Hercules' part, its shareholders will receive a significant premium (as of the last trading day prior to the public announcement of the merger) over the trading price for their shares and, through their ownership of Ashland shares, the opportunity to participate in the upside potential of the combined company.

What will Hercules shareholders receive in the merger?

Each share of Hercules common stock outstanding at the effective time of the merger other than shares held by Ashland, any subsidiary of Ashland or Merger Sub and other than treasury shares and shares with respect to which a Hercules shareholder has validly demanded and perfected appraisal rights under Delaware law will be exchanged for (i) 0.0930, which we refer to as the exchange ratio, of a share of Ashland stock and (ii) \$18.60 in cash. Holders of Hercules common stock will receive cash in lieu of any fractional shares of Ashland common stock they otherwise would receive pursuant to the exchange ratio.

Can Hercules shareholders elect the type of consideration that they will receive in the merger for their shares of Hercules common stock?

No.

What vote is required for adoption?

The merger agreement must be adopted by holders of two-thirds of the outstanding shares of Hercules common stock entitled to vote at the special meeting. You are entitled to vote on the merger agreement if you held Hercules common stock at the close of business on the record date, which is September 19, 2008. On that date, [] shares of Hercules common stock were outstanding and entitled to vote.

When and where will the Hercules special meeting of shareholders take place?

The special meeting of shareholders of Hercules will be held on [], 2008, at [] [] .m., local time, at Hercules Plaza, 1313 North Market Street, Wilmington, Delaware 19894-0001. Directions to Hercules Plaza are available at <http://www.herc.com>.

If my shares are held in street name by my broker, will my broker vote my shares for me?

You should instruct your broker to vote your shares, following the directions your broker provides to you. If you do not instruct your broker, your broker generally will not have the discretion to vote your shares. Because

Table of Contents

the adoption of the merger agreement requires an affirmative vote of holders of two-thirds of the outstanding shares of Hercules common stock, these so-called "broker non-votes" have the same effect as votes cast against the merger agreement.

What do I need to do now?

After carefully reading and considering the information contained in this proxy statement/prospectus, please fill out and sign the proxy card, and then mail your signed proxy card in the enclosed prepaid envelope as soon as possible so that your shares may be voted at the special meeting. Your signed proxy card will instruct the persons named on the card to vote your shares at the special meeting as you direct on the card. If you sign and send in your proxy card and do not indicate how you want to vote, your proxy will be voted "FOR" the adoption of the merger agreement. You may also vote by telephone or through the Internet by following the instructions furnished with your proxy card. **THE HERCULES BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT HERCULES SHAREHOLDERS VOTE FOR ADOPTION OF THE MERGER AGREEMENT AND FOR THE ADJOURNMENT OF THE SPECIAL MEETING, IF NECESSARY, TO PERMIT SOLICITATION OF ADDITIONAL PROXIES IN FAVOR OF THE ABOVE PROPOSAL.**

Why is my vote important?

If you do not return your proxy card, submit your proxy by telephone or through the Internet or vote in person at the special meeting, it will be more difficult for Hercules to obtain the necessary quorum to hold the special meeting and the shareholder approval necessary to consummate the merger.

If I do not favor the adoption of the merger agreement, what are my rights?

Under Delaware law, Hercules shareholders of record who do not vote in favor of the merger agreement have the right to exercise appraisal rights in connection with the merger and, if the merger is completed, obtain payment in cash of the fair value of their shares of common stock as determined by the Delaware Chancery Court, rather than the merger consideration. To exercise your appraisal rights, you must strictly follow the procedures prescribed by Delaware law. These procedures are summarized in this proxy statement/prospectus. In addition, the text of the applicable provisions of Delaware law is included as Annex B to this proxy statement/prospectus.

May I change my vote after I have mailed my signed proxy card or voted by telephone or through the Internet?

Yes. You can change your vote in one of the following ways:

You can send a written notice stating that you want to revoke your proxy by mail or facsimile to:
Hercules Incorporated

Hercules Plaza

1313 North Market Street

Wilmington, Delaware 19894-0001

Attn: Corporate Secretary

Facsimile: (302) 594-7315

Such notice must be received no later than the beginning of voting at the special meeting.

You can complete and submit a new, later-dated proxy card no later than the beginning of voting at the special meeting.

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You can vote by telephone or through the Internet at a later time, but not later than 11:59 p.m. (Eastern Time) on [], 2008, or the day before the meeting date if the special meeting is adjourned or postponed.

You can attend the special meeting and vote in person. Simply attending the meeting, however, will not revoke your prior proxy, as you must vote at the meeting to do so.

Table of Contents

If you have instructed a broker to vote your shares, you must follow directions received from your broker to change your vote.

Should I send in my stock certificates now?

No. If and when the merger is completed, you will receive written instructions for surrendering your stock certificates. If you hold Hercules shares in book-entry form, you will also receive instructions for exchanging your shares after we complete the transaction.

Is the transaction expected to be taxable to Hercules shareholders?

Generally, yes. The receipt of shares of Ashland common stock and cash in exchange for your shares of Hercules common stock pursuant to the transaction will be a taxable transaction for U.S. federal income tax purposes. In general, you will recognize gain or loss equal to the difference, if any, between (i) the sum of the fair market value of the shares of Ashland common stock on the date of the merger and the cash received in the transaction and (ii) your adjusted tax basis in the shares of Hercules common stock that you exchange in the transaction. That gain or loss will be capital gain or loss (assuming you hold your Hercules common stock as a capital asset) and the capital gain or loss will be long term if, as of that time, you have held the Hercules common stock for more than one year.

Tax matters are complicated, and the tax consequences of the transaction to each Hercules shareholder will depend on the facts of each shareholder's situation. You are encouraged to read carefully the discussion in the section entitled "The Merger Material U.S. Federal Income Tax Consequences" beginning on page 55 and to consult your own tax advisors for a full understanding of the particular tax consequences of the transaction to you.

When do you expect the merger to be completed?

We expect to complete the merger promptly after the Hercules shareholders adopt the merger agreement at the special meeting and after we receive all necessary regulatory approvals. We currently anticipate completing the merger in the fourth calendar quarter of 2008.

Where will my Ashland common shares be listed?

Ashland will apply to have the shares of Ashland common stock that will be issued to the Hercules shareholders in the merger approved for listing on the New York Stock Exchange, or NYSE. Ashland common stock currently trades on the NYSE under the symbol ASH.

How do I vote my shares if I am a participant in the Hercules Incorporated Savings and Investment Plan?

You will receive a separate package of information about how to provide voting instructions to the trustee of the Hercules Incorporated Savings and Investment Plan, which we refer to as the SIP. The SIP trustee will vote the Hercules shares that are allocable to your account under the SIP in accordance with your instructions unless the SIP trustee determines that it is legally obligated to do otherwise. If you do not provide the SIP trustee with instructions, the SIP trustee will vote your Hercules shares in proportion to the manner in which it votes the shares allocable to other SIP participants who provided instructions unless the SIP trustee determines that it is legally obligated to do otherwise.

Table of Contents

Who can help answer my questions?

If you have any questions about the special meeting or if you need additional copies of this proxy statement/prospectus or the enclosed proxy card, please contact Hercules proxy solicitor:

MacKenzie Partners, Inc.

105 Madison Avenue

New York, New York 10016

(212) 929-5500 (call collect)

or

(800) 322-2885 (toll-free)

proxy@mackenziepartners.com (e-mail address)

Table of Contents

SUMMARY

*This summary highlights selected information from this proxy statement/prospectus. It does not contain all of the information that may be important to you. You should read carefully this entire document and its annexes and all other documents to which this proxy statement/prospectus refers before you decide how to vote your shares of common stock. To obtain more information, see *Where You Can Find More Information* on page 115. In this proxy statement/prospectus, the term *Hercules* refers to Hercules Incorporated, a Delaware corporation, and its subsidiaries, and the term *Ashland* refers to Ashland Inc., a Kentucky corporation, and its subsidiaries except for Ashland Sub One, Inc., which is referred to as *Merger Sub*, unless otherwise stated or indicated by the context. Page references are included in this summary to direct you to a more complete description of topics discussed in this proxy statement/prospectus.*

The Merger (Page 30)

On July 10, 2008, Ashland, Hercules and Merger Sub, a wholly owned subsidiary of Ashland formed solely for the purpose of effecting this merger, entered into the merger agreement, which is the legal document governing the proposed merger. Subject to the terms and conditions of the merger agreement, Merger Sub will be merged with and into Hercules, with Hercules continuing as the surviving corporation. Upon the completion of the merger, Hercules will be a wholly owned subsidiary of Ashland and Hercules common stock will no longer be publicly traded.

The merger agreement is attached to this proxy statement/prospectus as Annex A and is incorporated in this proxy statement/prospectus by reference. ***You are encouraged to read the merger agreement carefully.***

What Hercules shareholders will receive in the merger (Page 64)

Holders of Hercules Common Stock

If you are a Hercules shareholder, other than a shareholder who has validly demanded and perfected appraisal rights under Delaware law, each share of your Hercules common stock outstanding at the effective time of the merger will be exchanged for (i) 0.0930 (which we refer to as the *exchange ratio*) of a share of Ashland common stock (which we refer to as the *stock consideration*) and (ii) \$18.60 in cash, without interest (which we refer to as the *cash consideration*). We refer to the stock and cash consideration to be paid to the Hercules shareholders by Ashland as the *merger consideration*. In exchange for the outstanding shares of Hercules common stock, Ashland anticipates issuing an aggregate of approximately 10.5 million shares of Ashland common stock as stock consideration and paying approximately \$2.1 billion in cash consideration. If the transaction had become effective on September 10, 2008, the 10.5 million share issuance by Ashland would have been valued at approximately \$416.0 million (based on the average of the closing sale prices of Ashland common stock on the NYSE as reported by *The Wall Street Journal* for the ten trading days prior to September 10, 2008 of \$39.61), resulting in total consideration of approximately \$2.52 billion. Holders of Hercules common stock will receive cash in lieu of any fractional shares of Ashland common stock they otherwise would receive pursuant to the exchange ratio. The exchange ratio relating to the shares of Ashland common stock to be issued in the merger is a fixed ratio, which means that it will not change because of any fluctuation in the trading price of Ashland common stock prior to the time the merger is completed. Therefore, the market value of the Ashland common stock received by Hercules shareholders in the merger will depend on the market price of Ashland common stock at the time the merger is completed and at the time of the special meeting. Hercules shareholders will not know the precise dollar value of the merger consideration they are entitled to receive upon completion of the merger. The risk of the fluctuation in the market price of Ashland's common stock after the special meeting of Hercules shareholders is discussed in *Risk Factors*. Because the market price of Ashland common stock will fluctuate, you cannot be sure of the market value of the shares of Ashland common stock that you will receive on page 16.

Table of Contents

Holders of Hercules Stock Options

Each holder of Hercules stock options (whether vested or unvested) that are outstanding as of the closing of the merger (other than certain executive officers who have elected to receive cash for their Hercules stock options, subject to limited exceptions), will be given a choice of receiving (i) converted stock options to purchase Ashland common stock, subject to pro rata reduction if the conversion election is oversubscribed, or (ii) a cash payment in exchange for cancellation of each outstanding Hercules stock option (less applicable tax withholdings). The conversion into options to purchase Ashland common stock pursuant to (i) above or the amount of the cash payment to be received pursuant to (ii) above will be calculated as described in *The Merger Agreement Treatment of Stock Options* beginning on page 65. Any option holders that do not make an election will have their options converted into options to purchase Ashland common stock, subject to pro rata reduction if the conversion election is oversubscribed. On the date of this proxy statement/prospectus, approximately 3.4 million Hercules shares of common stock are the subject of outstanding Hercules stock options.

Holders of Restricted Stock

Each outstanding award of restricted Hercules common stock will vest in full immediately prior to the closing of the merger and will be converted into the right to receive the merger consideration. There are approximately 1.7 million shares of restricted Hercules common stock outstanding on the date of this proxy statement/prospectus.

Holders of Restricted Stock Units

Upon completion of the merger, each outstanding restricted stock unit, which we refer to as an RSU, will be converted into a vested right to receive cash with a value equal to the product of (i) the cash out amount (as described in *The Merger Interests of Hercules Directors and Executive Officers in the Merger Stock Options, Restricted Stock and Restricted Stock Units Held by Directors and Executive Officers* beginning on page 49) and (ii) the number of shares of Hercules common stock underlying the RSUs. There are approximately 182,000 RSUs outstanding on the date of this proxy statement/prospectus.

Holders of Hercules Convertible Debentures

Hercules convertible debentures outstanding at the effective time of the merger will become convertible into the right to receive the merger consideration of Ashland common stock and cash, in accordance with the Indenture between Hercules and Bankers Trust Company, as trustee, dated as of August 15, 1985 governing Hercules 8% Convertible Subordinated Debentures due 2010. On the date of this proxy statement/prospectus, outstanding convertible debentures are convertible into approximately 149,000 shares of Hercules common stock. Ashland intends to redeem all outstanding convertible debentures, pursuant to the applicable provisions of the indenture governing the convertible debentures, promptly following completion of the merger.

Holders of Hercules Warrants

Hercules warrants outstanding at the effective time of the merger will be converted into the right to receive, upon the exercise of such warrants, the merger consideration of Ashland common stock and cash, in accordance with the terms of the Warrant Agreement, dated as of July 27, 1999, between Hercules and The Chase Manhattan Bank, as warrant agent, governing the Hercules warrants. On the date of this proxy statement/prospectus, there are approximately 6.6 million shares of Hercules common stock subject to outstanding Hercules warrants.

Special meeting of Hercules shareholders (Page 27)

When and Where. The special meeting will be held on [], 2008, at [] [] .m., local time, at Hercules Plaza, 1313 North Market Street, Wilmington, Delaware 19894-0001. Directions to Hercules Plaza are available at <http://www.herc.com>.

Table of Contents

Purposes of the Special Meeting. At the special meeting, you will be asked to consider and vote upon a proposal to adopt the merger agreement. You also will be asked to consider and vote upon any procedural matters incident to the conduct of the special meeting, such as adjournment of the special meeting, including an adjournment for the purposes of soliciting additional proxies.

Record Date; Voting Power. Holders of Hercules common stock as of the close of business on September 19, 2008, the record date, are entitled to vote at the special meeting or any adjournment thereof. Each share of Hercules common stock is entitled to one vote. As of the record date, [] shares of Hercules common stock were outstanding.

Vote Required. The affirmative vote of Hercules shareholders holding two-thirds of the shares of Hercules common stock outstanding as of the record date is required to adopt the merger agreement. Acting upon any procedural matters incident to the conduct of the special meeting, including adjournment, will require the affirmative vote of a majority of all votes cast with respect to such matter by the holders of shares of Hercules common stock present in person or represented by proxy.

Recommendation of the Hercules board of directors (Page 37)

On July 10, 2008, the Hercules board of directors, by a unanimous vote of all present:

determined the merger agreement to be advisable for, and fair to, and in the best interests of, Hercules and its shareholders;

approved the merger agreement; and

resolved to recommend that Hercules shareholders vote in favor of adoption of the merger agreement.

Two directors, Burton M. Joyce and Joe B. Wyatt, were not present at the July 10, 2008 Hercules board of directors meeting. Messrs. Joyce and Wyatt participated in other board meetings at which the transaction was discussed and subsequently affirmed their support of the merger agreement and the transactions contemplated by the merger agreement. The Hercules board of directors unanimously recommends a vote FOR adoption of the merger agreement.

Opinion of Credit Suisse Securities (USA) LLC (Page 40)

Credit Suisse Securities (USA) LLC, which we refer to as Credit Suisse, delivered its written opinion to the Hercules board of directors to the effect that, as of July 10, 2008 and based upon and subject to the assumptions and qualifications set forth in the opinion, the per share consideration (consisting of \$18.60 in cash and 0.0930 of a share of Ashland common stock) to be received by the holders of Hercules common stock in the merger was fair from a financial point of view to such shareholders.

The full text of the written opinion of Credit Suisse, dated July 10, 2008, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex C to this proxy statement/prospectus and is incorporated herein by reference. Credit Suisse provided its opinion for the information of the Hercules board of directors in connection with the consideration of the merger and does not address any other aspect or implication of the merger. The Credit Suisse opinion does not constitute advice or a recommendation to any holder of Hercules common stock as to how such holder should vote or act on any matter relating to the proposed merger or otherwise.

Interests of Hercules directors and executive officers in the merger (Page 48)

When considering the recommendation by the Hercules board of directors to vote FOR adoption of the merger agreement, you should be aware that certain directors and executive officers of Hercules have interests in

Table of Contents

the merger that are different from, or in addition to, your interests as shareholders of Hercules. At the close of business on the record date, directors and executive officers of Hercules and their affiliates beneficially owned and were entitled to vote approximately [] shares of Hercules common stock, collectively representing []% of the shares of Hercules common stock outstanding on the record date. Other such interests and arrangements include:

continued employment by Ashland of both Mr. Paul C. Raymond III, President of the Paper, Technologies and Ventures Group of Hercules, and Mr. John E. Panichella, President of the Aqualon Division of Hercules, following the merger, pursuant to three-year employment agreements with Ashland dated July 9, 2008 and July 8, 2008, respectively, the effectiveness of which is in each case contingent upon the closing of the merger;

anticipated continued employment of certain other Hercules officers by Ashland, although the specific individuals are still being determined;

receipt by directors and executive officers of Hercules of certain benefits upon completion of the merger, including accelerated vesting of stock options, restricted stock and restricted stock units;

change of control and severance agreements with Hercules current executive officers that provide for payment of incentive compensation accrued as of the change of control date, as well as severance benefits in the event of certain qualifying terminations of employment in connection with or following the merger and pension benefits for certain executive officers; and

continued indemnification and insurance coverage as required under the merger agreement.

Certain governmental and regulatory approvals must be obtained (Page 54)

Under the Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended, and the rules and regulations promulgated thereunder, which we refer to as the HSR Act, the merger may not be consummated unless certain waiting period requirements have expired or been terminated. Ashland and Hercules filed the required notification and report forms pursuant to the HSR Act regarding the merger on July 24, 2008, and early termination of the statutory waiting period under the HSR Act was granted on August 8, 2008. In addition, an application with the EU Commission, which must issue a decision under the EC Merger Regulation, No.139/2004 of January 2004, declaring the merger compatible with the common market, was filed on September 1, 2008, and all other necessary foreign antitrust filings have been or will be made by the parties.

The parties also must receive all waivers, consents, licenses, permits, authorizations, orders and approvals from, and make all registrations, filings, notices and notifications pursuant to, all other antitrust laws applicable to the merger, except for any such waivers, consents, licenses, permits, authorizations, orders, approvals, registrations, filings, notices, and notifications that the failure of which to obtain or make would not materially affect the business of Ashland or Hercules in an adverse way.

The obligations of Ashland and Hercules to complete the merger are subject to a number of conditions (Page 77)

Ashland and Hercules are obligated to complete the merger only after the satisfaction or waiver of several conditions, including the following:

the merger agreement shall have been adopted by holders of two-thirds of the shares of Hercules common stock outstanding and entitled to vote at the Hercules special meeting;

the shares of Ashland common stock to be issued to Hercules shareholders pursuant to and in accordance with the merger agreement shall have been approved for listing on the NYSE, subject to official notice of issuance;

Table of Contents

the waiting period (and any extension thereof) applicable to the merger under the HSR Act shall have expired or been terminated and the European Commission shall have issued a decision under the EC Merger Regulation declaring the merger compatible with the common market;

all waivers, consents, licenses, permits, authorizations, orders and approvals from, and all registrations, filings, notices and notifications with, governmental entities under all other U.S. antitrust laws or any foreign antitrust law applicable to the merger have been obtained or made, except for such waivers, consents, licenses, permits, authorizations, orders and approvals, the failure of which to obtain, and such registrations, filings, notices and notifications, the failure of which to make, would not materially affect the business of Ashland or Hercules in an adverse way;

the absence of any effective temporary restraining order, preliminary or permanent injunction, judgment or comparable judicial action that prohibits the completion of the merger;

the accuracy and correctness of representations and warranties of the other party contained in the merger agreement, subject to certain qualifications described in the merger agreement;

the registration statement on Form S-4, of which this proxy statement/prospectus forms a part, shall have been declared effective by the Securities and Exchange Commission, which we refer to as the SEC, and shall not be the subject of any stop order or proceedings seeking a stop order; and

the other party shall have performed in all material respects its obligations required under the merger agreement and provided a certification both to this effect and that the representations and warranties are true and correct subject to the materiality standards contained in the merger agreement.

In addition, Ashland is obligated to complete the merger only if Hercules has not experienced any event that, individually or in the aggregate, is having or would reasonably be expected to have a material adverse effect on Hercules. Unless otherwise qualified, the term material adverse effect shall have the meaning assigned to that term in the merger agreement.

In addition, Hercules is obligated to complete the merger only if Ashland has deposited with the exchange agent, at or prior to closing, certificates representing the shares of Ashland common stock and cash in an amount to pay the merger consideration.

Each of Ashland, Merger Sub and Hercules may waive the conditions to the performance of its obligations under the merger agreement and complete the merger even though one or more of these conditions has not been met. Neither Ashland nor Hercules can give any assurance that all of the conditions to the merger will be either satisfied or waived or that the merger will occur.

Financing Commitments (Page 61)

Ashland has entered into a commitment letter, which is referred to as the financing commitment letter, with Banc of America Securities LLC, Banc of America Bridge LLC, and Bank of America, N.A., which we refer to collectively as Bank of America, and The Bank of Nova Scotia, which we refer to as Scotiabank. Subject to the terms and conditions of the financing commitment letter, Bank of America and Scotiabank have committed to a \$1.950 billion senior secured credit facility, which includes a \$500.0 million revolving credit facility, and a \$750.0 million senior unsecured bridge loan facility. The loans contemplated by the financing commitment letter will refinance Ashland's existing senior credit facilities, refinance certain amounts outstanding under the credit facilities of Hercules and fund the merger and fees and expenses related thereto and to the financing. Only \$12.0 million (plus additional amounts used to fund upfront fees and original issue discount) of the \$500.0 million revolving credit facility may be used to consummate the merger on the closing date. The financing commitment letter also includes customary conditions to funding, including, without limitation, satisfaction of the conditions to closing of the merger as set forth in the merger agreement, the absence of any material adverse effect on Hercules or its subsidiaries, taken as a whole, the obtaining of credit ratings of

Table of Contents

the debt contemplated by the financing commitment letter, the accuracy of certain representations and warranties of the parties, negotiation and execution of customary legal documentation, and repayment of certain of Hercules and Ashland's existing credit facilities (except for the indebtedness to remain outstanding as provided in the financing commitment letter).

Hercules has agreed not to solicit third-party acquisition proposals (Page 72)

Subject to certain exceptions, the merger agreement provides that none of Hercules, any of its subsidiaries, any of its and their respective directors or officers, nor any advisor shall, directly or indirectly, solicit, initiate or encourage, facilitate, or participate in any discussions regarding any takeover proposal as described in the merger agreement.

Under certain circumstances, Ashland and Hercules may terminate the merger agreement (Page 78)

Ashland and Hercules may mutually agree in writing, by action of their respective boards of directors, to terminate the merger agreement at any time without completing the merger, even after the Hercules shareholders have voted to adopt the merger agreement. The merger agreement may also be terminated at any time prior to the effective time of the merger in other specified circumstances, including:

by either Ashland or Hercules if:

the merger has not been completed on or before March 31, 2009, unless the failure to so consummate the merger by that date results from a willful breach or failure to perform a covenant under the merger agreement by the party seeking to terminate the merger agreement;

any governmental entity prohibits the merger, or a temporary restraining order, or preliminary or permanent injunction or other order enjoins or prohibits the merger, and such order becomes final and non-appealable;

the Hercules shareholders fail to adopt the merger agreement at the special meeting or any postponement or adjournment of the special meeting; or

the other party breaches or fails to perform in any material respect certain representations, warranties, covenants or agreements in the merger agreement which breach or failure to perform would give rise to the failure of a closing condition and cannot be cured by the breaching party within 30 calendar days after the giving of written notice by the other party; or

by Ashland if, prior to the adoption of the merger agreement by Hercules shareholders, the Hercules board of directors recommends, adopts or approves a third-party takeover proposal or has withdrawn, modified or qualified in a manner adverse to Ashland its recommendation of the merger and failed to publicly reaffirm its recommendation of the merger agreement within 10 calendar days following the written request to do so by Ashland.

by Hercules if:

all conditions to closing are satisfied or waived (or would be satisfied as of an immediate closing of the merger), notice of such has been provided to Ashland, and Ashland cannot proceed to close the transaction, including the payment of the cash consideration, within five business days or such other number of days as set forth in the merger agreement;

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Ashland breaches or fails to perform in any material respect certain of its representations and warranties or its covenants regarding financing and the breach or failure to perform would give rise to the failure of a closing condition and cannot be cured by Ashland within 30 calendar days after the giving of written notice by Hercules;

after Hercules' shareholder approval is obtained, Ashland cannot deliver a certificate stating that Ashland has not experienced an event that constitutes a material adverse effect;

Table of Contents

after Hercules' shareholder approval, both the average Ashland closing stock price declines by more than 20% for any five-trading-day period compared to the Ashland closing stock price on the day prior to the Hercules shareholder meeting and the average Ashland closing stock price during the same five-trading-day period also declines by 20% or more than Standard & Poor's 500 Index; or

prior to receiving Hercules' shareholder approval, Hercules receives an unsolicited bona fide written acquisition proposal for an alternative business combination transaction that the Hercules board of directors considers a superior proposal, and the Hercules board of directors approves such superior proposal and concurrently authorizes Hercules to enter into a definitive agreement regarding such an alternative transaction.

Termination Fees (Page 79)

In connection with the termination of the merger agreement in certain circumstances involving a takeover proposal by a third party or a change in the Hercules board of director's recommendation of the merger to Hercules' shareholders, Hercules will be required to pay Ashland a termination fee of \$77.5 million. Further, Hercules will be required to pay up to \$12.5 million in documented Ashland fees and expenses incurred in connection with the preparation and performance of the merger agreement and related transactions and financing if a takeover proposal by a third party is made and not withdrawn prior to the Hercules shareholder meeting and Hercules terminates the merger agreement, even if a definitive merger agreement is not signed with the other third party. In connection with the termination of the merger agreement due to Ashland's inability to obtain the necessary financing for the transaction or a breach of Ashland's covenants related to financing, Ashland will be obligated to pay a termination fee to Hercules in the amount of \$77.5 million. Hercules agreed in the merger agreement that, if such termination fee is paid, in no event will Hercules seek to recover any other money damages or seek any other remedy (including specific performance) from Ashland, Merger Sub or their respective affiliates, or Bank of America or Scotiabank, with respect to the merger, regardless of whether such monetary damages or other remedies are based on a claim in law or equity, and all such claims were waived by Hercules in the merger agreement.

Shareholder Tax Consequences (Page 55)

The receipt of shares of Ashland common stock and cash in exchange for your shares of Hercules common stock pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes. In general, you will recognize gain or loss equal to the difference, if any, between (i) the sum of the fair market value of the shares of Ashland common stock on the date of the merger and the cash received in the transaction and (ii) your adjusted tax basis in the shares of Hercules common stock that you exchange in the transaction. That gain or loss will be capital gain or loss (assuming you hold your Hercules common stock as a capital asset) and the capital gain or loss will be long term if, as of that time, you have held the Hercules common stock for more than one year.

Tax matters are complicated, and the tax consequences of the transaction to each Hercules shareholder will depend on the facts of each shareholder's situation. You are encouraged to read carefully the discussion in the section entitled "The Merger Material U.S. Federal Income Tax Consequences" beginning on page 55 and to consult your own tax advisors for a full understanding of the particular tax consequences of the transaction to you.

Differences between the rights of Ashland shareholders and Hercules shareholders (Page 82)

As a result of the merger, the holders of Hercules common stock will become holders of Ashland common stock. Following the merger, Hercules shareholders will have the same rights as holders of Ashland common stock; however, due to differences between the laws of the states of incorporation of Ashland and Hercules

Table of Contents

(which states are Kentucky and Delaware, respectively) and the different provisions of the governing documents of Ashland and Hercules, the rights of former Hercules shareholders as Ashland shareholders will be different from the rights they had as shareholders of Hercules.

Comparative market prices and dividend information (Page 26)

Shares of both Ashland and Hercules common stock are listed on the NYSE. The following table presents the last reported sale prices of Ashland common stock and Hercules common stock, as reported on the NYSE Composite Tape on:

July 10, 2008, the last full trading day prior to the public announcement of the merger agreement; and

[], 2008, the last full trading day prior to the date of this proxy statement/prospectus.

The table also presents the equivalent value of the merger consideration per share of Hercules common stock on those dates.

	Ashland	Hercules	Equivalent Merger
			Price Per Share of
	Ashland	Hercules	Hercules
	Common Stock	Common Stock	Common Stock ⁽¹⁾
July 10, 2008	\$47.41	\$16.66	\$23.01
[], 2008	\$ []	\$ []	\$ []

(1) Calculated by adding (a) the cash portion of the merger consideration, or \$18.60, and (b) the Ashland closing per share stock price multiplied by 0.0930.

The prices of Ashland and Hercules common stock will fluctuate prior to the closing date of the merger, and Hercules shareholders are encouraged to obtain current market quotations prior to making any decision with respect to the merger.

Ashland currently pays a quarterly dividend on its common stock and last paid dividends on June 15, 2008 of \$0.275 per share. Ashland anticipates continuing to pay dividends on its common stock in the future and has announced that its next dividend of \$0.275 per share will be payable on September 15, 2008 to shareholders of record at the close of business on August 20, 2008. The merger agreement contains certain restrictions on Ashland's payment of dividends during the period before the closing of the merger, including that Ashland cannot pay any dividends except its current quarterly cash dividend, which is not to exceed \$0.275 per share.

Hercules currently pays a quarterly dividend on its common stock, and last paid dividends on July 25, 2008 in the amount of \$0.05 per share. The merger agreement contains certain restrictions on Hercules' payment of dividends during the period before the closing of the merger, including that Hercules cannot pay any dividends except its current quarterly cash dividend, which is not to exceed \$0.06 per share. After completion of the merger, former Hercules shareholders will receive whatever dividends are declared and paid on Ashland common stock.

Accounting Treatment (Page 55)

Ashland will account for the merger using the purchase method of accounting for business combinations under United States generally accepted accounting principles, which is referred to as GAAP.

Risk Factors (Page 16)

In evaluating the merger and merger agreement, you should carefully read this proxy statement/prospectus and especially consider the factors discussed in the section entitled "Risk Factors" on page 16, including the risk that Ashland may not realize all of the anticipated benefits of the

merger.

Table of Contents

Hercules shareholders will be entitled to demand appraisal rights if the merger is completed (Page 57)

Under Delaware law, Hercules shareholders of record who do not vote in favor of the merger will be entitled to seek appraisal rights and obtain payment in cash for the judicially determined fair value of their shares of Hercules common stock in connection with the merger, if the merger is completed. This value could be more than, less than or the same as the merger consideration for Hercules common stock. The relevant provisions of the General Corporation Law of the State of Delaware, which we refer to as the DGCL, are included as Annex B to this proxy statement/prospectus. We encourage you to read these provisions carefully and in their entirety. Moreover, due to the complexity of the procedures for exercising the right to seek appraisal, Hercules shareholders who are considering exercising such rights are encouraged to seek the advice of legal counsel. Failure to strictly comply with these provisions will result in a loss of the right of appraisal.

Merely not voting for the merger will not preserve the right of Hercules shareholders to appraisal of their shares of Hercules common stock under Delaware law. Also, because a submitted proxy not marked `against` or `abstain` will be voted `FOR` the proposal to adopt the merger agreement and `FOR` any necessary proposal to authorize the adjournment of the Hercules special meeting, the submission of a proxy not marked `against` or `abstain` will result in the waiver of appraisal rights. Hercules shareholders who wish to exercise their appraisal rights and hold shares in the name of a broker or other nominee must instruct their nominees to take the steps necessary to enable them to demand appraisal for their shares.

Listing of Ashland Common Stock and Delisting and Deregistration of Hercules Common Stock (Page 59)

Application will be made to have the shares of Ashland common stock to be issued in the merger approved for listing on the NYSE, where Ashland common stock currently is traded under the symbol `ASH`. If the merger is completed, Hercules common stock will no longer be listed on the NYSE and will be deregistered under the Securities Exchange Act of 1934, as amended, which is referred to as the `Exchange Act`, and Hercules will no longer file periodic reports with the SEC.

Fees and Expenses (Page 55)

Generally, all fees and expenses incurred in connection with the merger agreement and the transactions contemplated by the merger agreement will be paid by the party incurring those expenses, subject to the specific exceptions discussed in this proxy statement/prospectus.

Table of Contents

Ashland Executive Officers and Directors After the Merger

The executive officers and members of the board of directors of Ashland following the proposed transaction will be as follows:

Name	Position
James J. O'Brien	Chairman of the Board, Chief Executive Officer and Director
Lamar M. Chambers	Senior Vice President, Chief Financial Officer and Controller
David L. Hausrath	Senior Vice President and General Counsel
Susan B. Esler	Vice President Human Resources and Communications
Theodore L. Harris	Vice President and President of Ashland Distribution
Samuel J. Mitchell, Jr.	Vice President and President of Ashland Consumer Markets
Peter H. Rijnveldshoek	Vice President and President of Ashland Performance Materials
Walter H. Solomon	Vice President and Chief Growth Officer
Paul C. Raymond, III	Vice President and President of Paper and Water Technologies and Ventures
John E. Panichella	Vice President and President of Aqualon
Roger W. Hale	Director
Bernadine P. Healy, M.D.	Director
Kathleen Ligocki	Director
Vada O. Manager	Director
Barry W. Perry	Director
Mark C. Rohr	Director
George A. Schaefer, Jr.	Director
Theodore M. Solso	Director
John F. Turner	Director
Michael J. Ward	Director

The Parties

Ashland Inc.

50 East RiverCenter Boulevard

P.O. Box 391

Covington, Kentucky 41012-0391

(859) 815-3333

Ashland's businesses consist of four wholly owned segments: Ashland Performance Materials, Ashland Distribution, Valvoline and Ashland Water Technologies.

Ashland Performance Materials is a worldwide manufacturer and supplier of specialty chemicals and customized services to the building and construction, packaging and converting, transportation, marine and metal casting industries. It is a technology leader in metal casting consumables and design services, unsaturated polyester and vinyl ester resins and gelcoats, and high-performance adhesives and specialty resins.

Ashland Distribution distributes chemicals, plastics and resins in North America and plastics in Europe. Ashland Distribution also provides environmental services. Suppliers to Ashland Distribution include many of the world's leading chemical, composite and plastics manufacturers. Ashland Distribution specializes in providing material transfer and packaging services and mixed truckloads and less-than-truckload quantities to customers in a wide range of industries.

Valvoline is a producer and marketer of premium packaged automotive lubricants, chemicals, appearance products, antifreeze and filters. In addition, Valvoline is engaged in the fast oil change business through outlets operating under the Valvoline Instant Oil Change[®] name.

Table of Contents

Ashland Water Technologies is a supplier of chemical and non-chemical water treatment solutions for industrial, municipal and commercial facilities. It provides industrial, commercial and institutional water treatments, wastewater treatment and paint and coating additives. In addition, it also provides boiler and cooling water treatments; fuel treatments; welding, refrigerant and sealing products; and fire fighting, safety and rescue products and services for the merchant marine industry.

Ashland Sub One, Inc.

50 East RiverCenter Boulevard

P.O. Box 391

Covington, Kentucky 41012-0391

(859) 815-3333

Ashland Sub One, Inc., which we refer to as Merger Sub, is a Delaware corporation and a wholly owned subsidiary of Ashland. Merger Sub was organized on June 25, 2008 solely for the purpose of effecting the merger with Hercules. It has not carried on any activities other than in connection with the merger agreement.

Hercules Incorporated

Hercules Plaza

1313 North Market Street

Wilmington, Delaware 19894

(302) 594-5000

Hercules is a leading manufacturer and marketer of specialty chemicals and related services for a broad range of business, consumer and industrial applications. Hercules' principal products are functional and process chemicals used by the paper industry to increase paper and paperboard performance and enhance the manufacturing process, water-soluble polymers, and specialty resins. These products impart such qualities as durability, water-resistance and improved aesthetics for everyday consumer goods in a variety of end-use applications. The primary markets Hercules serves include pulp and paper, paints and adhesives, construction materials, food, pharmaceutical and personal care, and industrial specialties, including oilfield and general industrial.

While Hercules' products comprise a relatively minor component of its end customers' total product cost, they frequently possess characteristics important to the functionality and aesthetics of the finished product or the efficient operation of the manufacturing process. Examples of Hercules' products in consumer end-uses include strength additives for tissue and toweling, sizing agents for milk and juice cartons, thickeners in products such as toothpaste, shampoos and water-based paints, and water control additives for building products such as tile cements, grouts, stuccos, plasters and joint compounds. Hercules also offers products and related services that improve and reduce the cost of the paper manufacturing processes, including water management programs that are designed to protect and maintain equipment and reduce operating costs. Other product offerings include process aids for oil well drilling and similar applications.

Table of Contents

RISK FACTORS

In addition to the other information included or incorporated by reference in this proxy statement/prospectus, you should carefully consider the matters described below in evaluating whether to adopt the merger agreement.

Risks Relating to the Merger

Ashland may not realize all of the anticipated benefits of the transaction.

The combined company's ability to realize the anticipated benefits of the merger will depend, in part, on the ability of Ashland to integrate the businesses of Hercules successfully and efficiently with Ashland. The combination of two independent companies is a complex, costly and time-consuming process. As a result, the combined company will be required to devote significant management attention and resources to integrating the diverse business practices and operations of Ashland and Hercules. The integration process may disrupt the business of either or both of the companies and, if implemented ineffectively, preclude realization of the full benefits expected by Ashland and Hercules. The failure of the combined company to meet the challenges involved in integrating the operations of Ashland and Hercules or otherwise to realize any of the anticipated benefits of the transaction could cause an interruption of, or a loss of momentum in, the activities of the combined company and could seriously harm its results of operations. In addition, the overall integration of the two companies may result in unanticipated problems, expenses, liabilities, competitive responses, loss of customer and other relationships, and diversion of management's attention, and may cause Ashland's stock price to decline. The difficulties of combining the operations of the companies include, among others:

coordinating marketing functions;

unanticipated issues in integrating information, communications and other systems;

unanticipated incompatibility of logistics, marketing and administration methods;

maintaining employee morale and retaining key employees;

integrating the business cultures of both companies;

preserving important strategic and customer relationships;

consolidating corporate and administrative infrastructures and eliminating duplicative operations;

the diversion of management's attention from other ongoing business concerns; and

coordinating geographically separate organizations.

In addition, even if the operations of Ashland and Hercules are integrated successfully, the combined company may not realize the full benefits of the transaction, including the synergies, cost savings, or sales or growth opportunities that are expected. Such benefits may not be achieved within the anticipated time frame, or at all. Further, because the businesses of Ashland and Hercules differ, the results of operations of the combined company and the market price of Ashland common stock may be affected after the transaction by factors different from those affecting the shares of Ashland and Hercules currently, and may suffer as a result of the transaction. As a result, Ashland and Hercules cannot assure you that the combination of Hercules with Ashland will result in the realization of the full benefits anticipated from the transaction.

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Because the market price of Ashland common stock will fluctuate, you cannot be sure of the market value of the shares of Ashland common stock that you will receive.

The number of shares of Ashland common stock to be received by holders of Hercules common stock in the merger as part of the merger consideration is fixed at 0.0930 of a share of Ashland common stock for each share of Hercules common stock. That number will not be adjusted in the event of any increase or decrease in the price

Table of Contents

of either Ashland common stock or Hercules common stock. The price of Ashland common stock may vary at the effective time of the merger from its price at the date of this proxy statement/prospectus and at the date of the special meeting of Hercules shareholders. Therefore, at the time of the special meeting, you will not know the precise dollar value of the merger consideration you will be entitled to receive upon completion of the merger and you are encouraged to obtain current market quotations for Ashland common stock and Hercules common stock. That variation may be the result of changes in the business, operations or prospects of Ashland or Hercules, market assessments of the likelihood that the merger will be completed and the timing of the merger, regulatory considerations, general market and economic conditions and other factors. In addition to the approval of Hercules shareholders, completion of the merger is subject to the issuance by the European Commission of a decision under the EC Merger Regulation declaring the merger compatible with the common market, and the satisfaction of other conditions that may not occur until some time after the special meeting.

Obtaining required approvals and satisfying closing conditions may delay or prevent completion of the merger.

Completion of the merger is conditioned upon the receipt of certain governmental authorizations, consents, orders and approvals, including the issuance by the European Commission of a decision under the EC Merger Regulation declaring the merger compatible with the common market. These consents, orders and approvals may impose conditions on, or require divestitures relating to, the divisions, operations or assets of Ashland or Hercules. These conditions or divestitures may jeopardize or delay completion of the merger or may reduce the anticipated benefits of the merger. Further, no assurance can be given that the required consents and approvals will be obtained or that the required conditions to closing will be satisfied, and, if all required consents and approvals are obtained and the conditions are satisfied, no assurance can be given as to the terms, conditions and timing of the consents and approvals.

If Ashland is unable to finance the merger, the merger will not be completed.

Ashland intends to finance the merger with debt financing, existing cash balances, Ashland stock and cash flow from operations. To this end, and to provide for ongoing working capital for general corporate purposes after the merger, Ashland has received commitments from lenders to provide an aggregate of up to \$2.7 billion in financing for the transaction. Although Ashland has entered into the financing commitment letter with Bank of America and Scotiabank, the financing commitment letter includes customary conditions to funding, including, without limitation, satisfaction of the conditions to closing of the merger as set forth in the merger agreement, the absence of any material adverse effect on Hercules or its subsidiaries, taken as a whole, the obtaining of credit ratings, the accuracy of certain representations and warranties of the parties, negotiation of customary legal documentation, and repayment of certain of Hercules' and Ashland's existing credit facilities. In the event that the financing described in the financing commitment letter is not available on the terms set forth in the financing commitment letter, other financing may not be available on acceptable terms, in a timely manner or at all. If other financing becomes necessary and Ashland is unable to secure such additional financing, the merger will not be completed. In the event of a termination of the merger agreement due to Ashland's inability to obtain the necessary financing for the transaction or a breach of Ashland's covenants related to financing, Ashland will be obligated to pay a termination fee to Hercules in the amount of \$77.5 million. Hercules agreed in the merger agreement that, if such termination fee is paid, in no event will Hercules seek to recover any other money damages or seek any other remedy (including specific performance) from Ashland, Merger Sub or their respective affiliates, or Bank of America or Scotiabank, with respect to the merger, regardless of whether such monetary damages or other remedies are based on a claim in law or equity, and all such claims were waived by Hercules in the merger agreement.

Table of Contents

The combined company will depend on its senior management team and other key employees and the loss of any of these employees could adversely affect the combined company's business.

The success of the combined company after the transaction will depend in part upon the ability of the combined company to retain senior management and other key employees. Competition for qualified personnel can be intense. In addition, senior management and key employees may depart because of issues relating to the uncertainty or difficulty associated with the integration of the companies or a desire not to remain with the combined company. Accordingly, no assurance can be given that Ashland or Hercules will be able to retain senior management and key employees to the same extent that they have been able to do so in the past.

Resales of shares of Ashland common stock following the transaction may cause the market price of shares of Ashland common stock to decline.

As of August 31, 2008, Ashland had approximately 63.0 million shares of common stock outstanding, and approximately 1.6 million shares issuable upon the exercise of outstanding stock options and equity-based awards. Ashland has registered approximately 10.7 million shares of common stock in connection with the transaction. The issuance of these new shares and additional shares that may become issuable from time to time upon the exercise of options (including converted Hercules options, for those Hercules option holders who elect not to receive cash) could negatively affect the market price for shares of Ashland common stock. Also, shareholders of Hercules stock may decide to sell rather than hold the additional shares of Ashland common stock they would receive in the transaction. The sale of those shares also could negatively affect the market price for shares of Ashland common stock.

The market price for Ashland common stock may be affected by factors different from those affecting Hercules common stock.

Upon completion of the merger, holders of Hercules common stock will become holders of Ashland common stock. Ashland's businesses differ from those of Hercules, and accordingly the results of operations of the combined company will be affected by factors different from those currently affecting the results of operations of Hercules. For a discussion of the businesses of Ashland and Hercules and of certain factors to consider in connection with those businesses, see the documents incorporated by reference in this proxy statement/prospectus and referred to under "Incorporation by Reference" beginning on page 116.

Some directors and executive officers of Hercules have interests in the merger that may differ from the interests of Hercules shareholders.

When considering the recommendation by the Hercules board of directors to vote FOR adoption of the merger agreement, you should be aware that certain directors and executive officers of Hercules have interests in the merger agreement that are different from, or in addition to, your interests as shareholders of Hercules. These interests are described in more detail in the section of this proxy statement/prospectus titled "Interests of Hercules Directors and Executive Officers in the Merger" beginning on page 48.

The shares of Ashland common stock to be received by Hercules shareholders as a result of the merger will have different rights from the shares of Hercules common stock.

Following completion of the merger, Hercules shareholders will no longer be shareholders of Hercules, a Delaware corporation, but will instead be shareholders of Ashland, a Kentucky corporation. There will be important differences between your current rights as a Hercules shareholder and the rights to which you will be entitled as a shareholder of Ashland. See "Comparative Rights of Ashland and Hercules Shareholders" beginning on page 82 for a discussion of the different rights associated with Ashland common stock.

Table of Contents

The pro forma financial statements are presented for illustrative purposes only and may not be an indication of the combined company's financial condition or results of operations following the completion of the merger.

The pro forma financial statements contained in this proxy statement/prospectus are presented for illustrative purposes only and may not be an indication of the combined company's financial condition or results of operations following the merger for several reasons. The pro forma financial statements have been derived from the historical financial statements of Ashland and Hercules and adjustments and assumptions have been made regarding the combined company after giving effect to the transaction. The information upon which these adjustments and assumptions have been made is preliminary, and these kinds of adjustments and assumptions are difficult to make with accuracy.

The assumptions used in preparing the pro forma financial information may not prove to be accurate, and other factors may affect the combined company's financial condition or results of operations following the transaction. Any decline or potential decline in the combined company's financial condition or results of operations may cause significant variations in the stock price of the combined company. See Unaudited Pro Forma Combined Condensed Financial Statements beginning on page 100.

Some of the conditions to the merger may be waived by Ashland or Hercules without resoliciting shareholder approval of the merger agreement.

Some of the conditions set forth in the merger agreement may be waived by Ashland or Hercules, subject to the agreement of the other party in specific cases. See The Merger Agreement Conditions to the Merger on page 77. If any conditions are waived, Ashland and Hercules will evaluate whether amendment of this proxy statement/prospectus and resolicitation of proxies is warranted.

Provisions of the merger agreement may deter alternative business combinations and could negatively impact the stock prices of Ashland and Hercules if the merger agreement is terminated in certain circumstances.

The merger agreement precludes Hercules from, directly or indirectly, soliciting, initiating, or knowingly encouraging the submission of any takeover proposal or participating in any discussions or negotiations regarding, or furnishing to any person any information in connection with, or otherwise cooperating in any way that could reasonably lead to, any takeover proposal. In connection with the termination of the merger agreement in certain circumstances involving a takeover proposal by a third party or a change in Hercules' board of directors' recommendation of the merger to Hercules' shareholders, Hercules will be required to pay Ashland a termination fee of \$77.5 million. These restrictions could discourage a potential third-party acquirer from considering or proposing a transaction, or could reduce the price that a potential third-party acquirer would be willing to pay, because of the added cost of the termination fee. In the event the merger is terminated by Ashland or Hercules in circumstances that obligate either party to pay the termination fee to the other party, including where Ashland terminates the merger agreement because Hercules' board of directors withdraws its support of the merger, the trading price of Ashland's and/or Hercules' stock may decline.

Failure to complete the merger with Ashland could materially and adversely affect Hercules.

The merger is conditioned upon, among other things, the approval of Hercules' shareholders, the receipt of regulatory approvals and other customary closing conditions. There can be no assurance that these conditions will be met or waived, that the necessary approvals will be obtained, or that Hercules will be able to consummate the merger as currently contemplated under the merger agreement or at all. If the merger is not completed, Hercules will not realize the potential benefits of the merger, including any synergies that could result from combining Hercules with Ashland and, under certain circumstances, Hercules may have to pay a termination fee to Ashland in the amount of \$77.5 million.

Table of Contents

Ashland and Hercules will be required to expend significant resources in order to satisfy the conditions to closing.

Ashland and Hercules will incur significant transaction costs, including legal, accounting, financial advisory and other costs relating to the merger. In addition, the attention of Ashland's and Hercules' management and employees may be diverted from day-to-day operations.

The pending merger may disrupt Hercules' normal business operations and the merger agreement imposes certain restrictions on the activities of Hercules until the closing.

Hercules' customers, suppliers or distributors may seek to modify or terminate existing agreements, and prospective customers may delay entering into new agreements or purchasing Hercules' products as a result of the announcement of the merger. Hercules' ability to attract new employees and retain its existing employees may be harmed by uncertainties associated with the merger. In addition, the merger agreement limits certain activities of Hercules that are considered as other than in the ordinary course of business, including the declaration of common stock dividends inconsistent with Hercules' past practice, the issuance and repurchase of shares of common stock, changes to Hercules' charter and bylaws, capital expenditures, acquisitions and investments, the ability to incur additional indebtedness and the settlement of certain claims, among others.

Ashland will take on substantial additional indebtedness to finance the merger, which will decrease Ashland's business flexibility and increase its borrowing costs.

Upon completion of the merger, Ashland will increase its indebtedness by approximately \$2.5 billion, and will have indebtedness that will be substantially greater than its indebtedness prior to the merger. The covenants in such indebtedness and the increased indebtedness and higher debt-to-equity ratio of Ashland in comparison to that of Ashland on a recent historical basis will have the effect, among other things, of reducing the flexibility of Ashland to respond to changing business and economic conditions and increasing borrowing costs. For more information on the financial impact of Ashland's increased indebtedness (see Financial Summary Selected Unaudited Pro Forma Combined Condensed Financial Information of Ashland on page 24).

Risks Relating to Ashland and Hercules

Ashland and Hercules are, and will continue to be, subject to the risks described in (i) Part I, Item 1A in Ashland's annual report on Form 10-K for the year ended September 30, 2007, (ii) Part I, Item 1A in Hercules' annual report on Form 10-K for the year ended December 31, 2007, (iii) Part II, Item 1A of Ashland's quarterly reports on Form 10-Q for the quarters ended March 31, 2008 and June 30, 2008, and (iv) Part II, Item 1A of Hercules' quarterly report on Form 10-Q for the quarter ended June 30, 2008, in each case as filed with the SEC and incorporated by reference into this proxy statement/prospectus. See Incorporation by Reference beginning on page 116 for the location of information incorporated by reference into this proxy statement/prospectus.

Table of Contents

FORWARD-LOOKING STATEMENTS

Some of the statements contained or incorporated by reference in this proxy statement/prospectus, including those relating to Ashland's and Hercules' strategies and other statements that are predictive in nature, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act. Forward-looking statements include the information concerning possible or assumed future results of operations of Ashland and Hercules as set forth elsewhere in this proxy statement/prospectus or in the documents incorporated by reference. These statements are not historical facts, but instead represent only Ashland's and Hercules' expectations, estimates and projections regarding future events. These statements are not guarantees of future performance and involve certain risks and uncertainties that are difficult to predict, which may include the risk factors set forth above and other market, business, legal and operational uncertainties discussed elsewhere in this proxy statement/prospectus and the documents that are incorporated by reference. Those uncertainties include, but are not limited to:

the risks that the businesses of Ashland and Hercules will not be successfully integrated;

the ability to obtain requisite governmental approvals for the merger on the proposed terms and schedule;

the ability of Ashland to receive financing to fund the merger consideration;

the failure of the Hercules shareholders to adopt the merger agreement; and

disruption from the merger, including lost business opportunities and difficulty maintaining relationships with employees, customers and suppliers.

Ashland's and Hercules' actual results and financial conditions may differ, perhaps materially, from the anticipated results and financial conditions in any forward-looking statements, and readers are cautioned not to place undue reliance on such statements.

For more information concerning factors that could affect Ashland's and Hercules' future results and financial conditions, see Management's Discussion and Analysis and Risk Factors in each of (i) Ashland's annual report on Form 10-K for the year ended September 30, 2007, (ii) Hercules' annual report on Form 10-K for the year ended December 31, 2007, (iii) Ashland's and Hercules' interim quarterly reports on Form 10-Q, and (iv) Hercules' current report on Form 8-K dated July 30, 2008, which are in each case incorporated by reference. Ashland and Hercules undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

Table of Contents**SELECTED HISTORICAL FINANCIAL AND OTHER DATA OF ASHLAND**

The following table sets forth selected historical consolidated financial information and other data of Ashland for the periods presented. The selected financial information, as of and for each of the years in the five fiscal-year period ended September 30, 2007, has been derived from Ashland's consolidated financial statements. The selected financial data as of, and for the nine months ended, June 30, 2007 and 2008, has been derived from Ashland's unaudited condensed consolidated financial statements which include, in the opinion of Ashland's management, all adjustments, consisting of normal recurring adjustments, necessary to present fairly the results of operations and financial position of Ashland for the periods and dates presented. The results of operations for any interim period are not necessarily indicative of results for the full year or any other interim period. This financial information and other data should be read in conjunction with the respective audited and unaudited consolidated financial statements of Ashland, including the notes thereto, incorporated in this proxy statement/prospectus by reference. See "Incorporation by Reference" beginning on page 116.

(In millions except per share data)	Year Ended September 30,					Nine Months Ended June 30,	
	2007	2006	2005	2004	2003	2008	2007
Summary of operations							
Sales and operating revenues	\$ 7,785	\$ 7,233	\$ 6,731	\$ 5,776	\$ 5,165	\$ 6,166	\$ 5,700
Costs and expenses							
Cost of sales and operating expenses	6,447	6,030	5,545	4,721	4,189	5,158	4,707
Selling, general and administrative expenses	1,171	1,077	1,079	968	1,031	856	834
	7,618	7,107	6,624	5,689	5,220	6,014	5,541
Equity and other income ⁽¹⁾	49	44	564	438	338	33	31
Operating income	216	170	671	525	283	185	190
(Loss) gain on the MAP Transaction ⁽²⁾	(3)	(5)	1,284			23	(3)
Loss on early retirement of debt			(145)				
Net interest and other financing income (costs)	46	47	(82)	(114)	(128)	26	34
Income for continuing operations before income taxes	259	212	1,728	411	155	234	221
Income tax (expense) benefit	(58)	(29)	230	(100)	(52)	(58)	(52)
Income from continuing operations	\$ 201	\$ 183	\$ 1,958	\$ 311	\$ 103	\$ 176	\$ 169
Common stock information							
Income from continuing operations							
Basic earnings per share	\$ 3.20	\$ 2.57	\$ 26.85	\$ 4.44	\$ 1.51	\$ 2.80	\$ 2.68
Diluted earnings per share	3.15	2.53	26.23	4.36	1.50	2.77	2.64
Regular cash dividends per share	1.10	1.10	1.10	1.10	1.10	0.825	0.825
Special cash dividend per share	10.20						
Balance sheet information (end of period)							
Current assets	\$ 3,276	\$ 4,250	\$ 3,757	\$ 2,302	\$ 2,085	\$ 3,100	\$ 3,192
Noncurrent assets	2,410	2,340	3,058	5,200	4,921	2,744	2,420
Total assets	\$ 5,686	\$ 6,590	\$ 6,815	\$ 7,502	\$ 7,006	\$ 5,844	\$ 5,612
Current liabilities (including current portion of long-term debt)	\$ 1,152	\$ 2,041	\$ 1,545	\$ 1,815	\$ 1,484	\$ 1,204	\$ 1,147
Long-term debt (less current portion)	64	70	82	1,109	1,512	45	65
Asbestos litigation reserve (noncurrent portion)	560	585	521	568	560	530	567
Other noncurrent liabilities	756	798	928	1,304	1,197	707	795
Shareholders' equity	3,154	3,096	3,739	2,706	2,253	3,358	3,038
Total liabilities and shareholders' equity	\$ 5,686	\$ 6,590	\$ 6,815	\$ 7,502	\$ 7,006	\$ 5,844	\$ 5,612

- (1) Includes income of \$517 million, \$405 million and \$285 million in 2005, 2004 and 2003, respectively, related to Ashland's former interest in Marathon Ashland Petroleum LLC.
- (2) MAP Transaction refers to the June 30, 2005 transfer of Ashland's 38% interest in Marathon Ashland Petroleum LLC and two other businesses to Marathon Oil Corporation.

Table of Contents**SELECTED HISTORICAL FINANCIAL AND OTHER DATA OF HERCULES**

The following table sets forth selected historical consolidated financial information and other data of Hercules for the periods presented. The selected financial information, as of and for each of the years in the five fiscal-year period ended December 31, 2007, has been derived from Hercules' consolidated financial statements. The selected financial data as of, and for the six months ended, June 30, 2007 and 2008, has been derived from Hercules' unaudited condensed consolidated financial statements which include, in the opinion of Hercules' management, all adjustments, consisting of normal recurring adjustments, necessary to present fairly the results of operations and financial position of Hercules for the periods and dates presented. The results of operations for any interim period are not necessarily indicative of results for the full year or any other interim period. This financial information and other data should be read in conjunction with the respective audited and unaudited consolidated financial statements of Hercules, including the notes thereto, incorporated in this proxy statement/prospectus by reference. See "Incorporation by Reference" beginning on page 116.

(In millions except per share data)	Year Ended December 31,					Six Months Ended June 30,	
	2007	2006	2005	2004	2003	2008	2007
Summary of Operations							
Net sales	\$ 2,136	\$ 2,035	\$ 2,055	\$ 1,985	\$ 1,836	\$ 1,171	\$ 1,051
Cost of sales	1,406	1,343	1,391	1,292	1,156	795	682
Gross profit	730	692	664	693	680	376	369
Research and development	44	39	41	43	39	23	21
Profit (loss) from operations ⁽¹⁾	306	191	164	263	(6)	143	155
Net income (loss) from continuing operations before discontinued operations and cumulative ⁽¹⁾ effect of changes in accounting principle	198	153	(16)	50	(97)	67	122
Net income (loss) from discontinued operations, net of tax	8	47	(7)	(2)	3	26	
Cumulative effect of changes in accounting principle, net of tax		1	(3)		(33)		
Net income (loss) ⁽¹⁾	\$ 206	\$ 201	\$ (26)	\$ 48	\$ (127)	\$ 93	\$ 122
Common stock information							
Basic earnings (loss) per share ⁽¹⁾							
Continuing operations	\$ 1.73	\$ 1.38	\$ (0.15)	\$ 0.47	\$ (0.91)	\$ 0.61	\$ 1.06
Discontinued operations	0.07	0.42	(0.06)	(0.02)	0.03	0.23	
Cumulative effect of changes in accounting principal		0.01	(0.02)		(0.31)		
Net income (loss)	\$ 1.80	\$ 1.81	\$ (0.23)	\$ 0.45	\$ (1.19)	\$ 0.84	\$ 1.06
Diluted earnings (loss) per share ⁽¹⁾							
Continuing operations	\$ 1.72	\$ 1.37	\$ (0.15)	\$ 0.46	\$ (0.91)	\$ 0.60	\$ 1.06
Discontinued operations	0.07	0.42	(0.06)	(0.02)	0.03	0.23	
Cumulative effect of changes in accounting principal		0.01	(0.02)		(0.31)		
Net income (loss)	\$ 1.79	\$ 1.80	\$ (0.23)	\$ 0.44	\$ (1.19)	\$ 0.83	\$ 1.06
Dividends declared per share	\$ 0.10					\$ 0.10	
Balance sheet information (end of period)							
Current assets	\$ 814	\$ 985	\$ 843	\$ 782	\$ 839	\$ 892	\$ 969
Noncurrent assets	1,864	1,824	1,726	1,938	1,883	1,899	1,805
Total assets	\$ 2,678	\$ 2,809	\$ 2,569	\$ 2,720	\$ 2,722	\$ 2,791	\$ 2,774
Current liabilities (including current portion of long-term debt)	\$ 534	\$ 630	\$ 512	\$ 476	\$ 453	\$ 566	\$ 598
Long-term debt (less current portion)	762	960	1,092	1,210	1,326	762	833

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Asbestos litigation reserve (noncurrent portion)	227	233	234	213	176	216	232
Other noncurrent liabilities	655	730	754	709	742	667	693
Minority interests	22	13	1			21	14
Shareholders' equity	478	243	(24)	112	25	559	404
Total liabilities and shareholders' equity	\$ 2,678	\$ 2,809	\$ 2,569	\$ 2,720	\$ 2,722	\$ 2,791	\$ 2,774

- (1) Data for the years 2003 through 2007 and for the six months ended June 30, 2007 have been adjusted on a retrospective basis for the change in method of accounting for the Company's U.S. and U.K. qualified defined benefit pension plans. For further information on this adjustment, refer to the related Form 8-K filing on July 30, 2008.

Table of Contents**SELECTED UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL INFORMATION OF ASHLAND**

The following table below sets forth selected unaudited pro forma combined condensed financial data of Ashland as of June 30, 2008 and for the nine months ended June 30, 2008 and the fiscal year ended September 30, 2007. The pro forma amounts in the table below are based on the historical consolidated financial statements and the notes thereto of Ashland and Hercules and have been prepared to give effect to the merger as if the merger had occurred at the balance sheet date and at the beginning of the fiscal year ending September 30, 2007. Because the fiscal years of Ashland and Hercules are different, Hercules' unaudited condensed balance sheet as of June 30, 2008 and its unaudited pro forma combined condensed income statement for the nine months ended June 30, 2008 and the fiscal year ended December 31, 2007 have been used in preparing the unaudited pro forma combined condensed financial statements.

The unaudited pro forma financial data in the table below should be read in conjunction with the historical financial statements and accompanying disclosures of Ashland and Hercules, which are incorporated by reference in this proxy statement/prospectus, and the unaudited pro forma combined condensed financial statements and accompanying disclosures beginning on page 100. The unaudited pro forma combined condensed financial statements are provided for informational purposes only and do not purport to represent what Ashland's financial position or results of operations would actually have been had the merger occurred on those dates or to project Ashland's results of operations or financial position for any future period. See the Unaudited Pro Forma Combined Condensed Financial Information beginning on page 100.

	Fiscal Year Ended September 30, 2007	Nine Months Ended June 30, 2008
	(In millions)	
Statement of Income Data		
Revenues	\$ 9,921	\$ 7,878
Cost of sales and operating expenses	7,884	6,339
Selling, general and administrative expenses	1,696	1,271
Operating income	402	305
Net interest and other financing costs	136	110
Income from continuing operations before income taxes, minority interest and equity loss	217	199
Income tax (expense) benefit	31	(39)