UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2017

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _________ to ___________

Commission file number 1-32532

ASHLAND GLOBAL HOLDINGS INC.

(a Delaware corporation)
I.R.S. No. 81-2587835

50 E. RiverCenter Boulevard
Covington, Kentucky 41011
Telephone Number (859) 815-3333

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No o

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes ☑ No o

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

Large Accelerated Filer ☑	Accelerated Filer o
Non-Accelerated Filer o	Smaller Reporting Company o
(Do not check if a smaller reporting company.)	Emerging Growth Company o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No ☑

At March 31, 2017, there were 62,216,934 shares of Registrant's Common Stock outstanding.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ASHLAND GLOBAL HOLDINGS INC. AND CONSOLIDATED SUBSIDIARIES
STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME

	Three months ended March 31		Six months ended March 31	
(In millions except per share data - unaudited)	2017	2016	2017	2016
Sales	$ 1,320	$ 1,247	$ 2,513	$ 2,410
Cost of sales	887	823	1,694	1,595
Gross profit	433	424	819	815
Selling, general and administrative expense	245	258	483	483
Research and development expense	24	25	47	49
Equity and other income	6	6	18	15
Operating income	170	147	307	298
Net interest and other financing expense	38	43	170	85
Net loss on divestitures	—	(2)	(1)	—
Income from continuing operations before income taxes	132	102	136	213
Income tax expense - Note I	30	15	24	35
Income from continuing operations	102	87	112	178
Income (loss) from discontinued operations (net of tax) - Note D	3	—	3	(2)
Net income	105	87	115	176
Net income attributable to noncontrolling interest	13	—	24	—
Net income attributable to Ashland	$ 92	$ 87	$ 91	$ 176
PER SHARE DATA				
Basic earnings per share - Note L				
Income from continuing operations attributable to Ashland	$ 1.43	$ 1.39	$ 1.42	$ 2.79
Income (loss) from discontinued operations	0.05	—	0.05	(0.03)
Net income attributable to Ashland	$ 1.48	$ 1.39	$ 1.47	$ 2.76
Diluted earnings per share - Note L				
Income from continuing operations attributable to Ashland	$ 1.42	$ 1.38	$ 1.41	$ 2.76
Income (loss) from discontinued operations	0.05	—	0.05	(0.03)
Net income attributable to Ashland	$ 1.47	$ 1.38	$ 1.46	$ 2.73
DIVIDENDS PAID PER COMMON SHARE	$ 0.39	$ 0.39	$ 0.78	$ 0.78
COMPREHENSIVE INCOME (LOSS)				
Net income	$ 105	$ 87	$ 115	$ 176
Other comprehensive income (loss), net of tax - Note M				
Unrealized translation gain (loss)	60	80	(86)	19
Pension and postretirement obligation adjustment	(2)	24	(4)	21
Net change in available-for-sale securities	6	3	6	9
Other comprehensive income (loss)	64	107	(84)	49
Comprehensive income	169	194	31	225
Comprehensive income attributable to noncontrolling interest	14	—	24	—
Comprehensive income attributable to Ashland	$ 155	$ 194	$ 7	$ 225

SEE NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

ASHLAND GLOBAL HOLDINGS INC. AND CONSOLIDATED SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions - unaudited)	March 31 2017	September 30 2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 605	$ 1,188
Accounts receivable (a)	972	894
Inventories - Note F	687	671
Other assets	113	113
Total current assets	2,377	2,866
Noncurrent assets		
Property, plant and equipment		
Cost	4,364	4,343
Accumulated depreciation	2,159	2,119
Net property, plant and equipment	2,205	2,224
Goodwill - Note G	2,413	2,401
Intangibles - Note G	1,017	1,064
Restricted investments - Note E	298	292
Asbestos insurance receivable - Note K	193	196
Equity and other unconsolidated investments	61	57
Deferred income taxes	199	177
Other assets	423	420
Total noncurrent assets	6,809	6,831
Total assets	$ 9,186	$ 9,697
LIABILITIES AND EQUITY		
Current liabilities		
Short-term debt - Note H	$ 95	$ 170
Current portion of long-term debt - Note H	16	19
Trade and other payables	520	541
Accrued expenses and other liabilities	406	486
Total current liabilities	1,037	1,216
Noncurrent liabilities		
Long-term debt - Note H	2,812	3,055
Employee benefit obligations - Note J	1,017	1,080
Asbestos litigation reserve - Note K	663	686
Deferred income taxes	69	69
Other liabilities	445	426
Total noncurrent liabilities	5,006	5,316
Commitments and contingencies - Note K		
Equity		
Total Ashland stockholders' equity	3,300	3,347
Noncontrolling interest	(157)	(182)
Total equity	3,143	3,165
Total liabilities and equity	$ 9,186	$ 9,697

(a) Accounts receivable includes an allowance for doubtful accounts of $14 million at March 31, 2017 and September 30, 2016.

SEE NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

ASHLAND GLOBAL HOLDINGS INC. AND CONSOLIDATED SUBSIDIARIES
STATEMENT OF CONSOLIDATED EQUITY

(In millions - unaudited)	Common stock	Paid-in capital	Retained earnings	Accumulated other comprehensive income (loss) (a)	Noncontrolling interest (b)	Total
BALANCE AT SEPTEMBER 30, 2016	$ 1	$ 923	$ 2,704	$ (281)	$ (182)	$ 3,165
Total comprehensive income (loss)						
Net income			91		24	115
Other comprehensive loss				(84)	—	(84)
Regular dividends, $0.78 per common share			(48)			(48)
Common shares issued under stock						
incentive and other plans (c)		(1)				(1)
Other		(5)			5	—
Distributions to noncontrolling interest					(4)	(4)
BALANCE AT MARCH 31, 2017	$ 1	$ 917	$ 2,747	$ (365)	$ (157)	$ 3,143

(a) At March 31, 2017 and September 30, 2016, the after-tax accumulated other comprehensive loss attributable to Ashland of $365 million and $281 million, respectively, was comprised of unrecognized prior service credits as a result of certain employee benefit plan amendments of $43 million and $46 million, respectively, net unrealized translation losses of $420 million and $333 million, respectively, and net unrealized gain on available-for-sale securities of $12 million and $6 million, respectively. At March 31, 2017 and September 30, 2016, amounts attributable to noncontrolling interest included unrecognized prior service credits of $8 million and $9 million, respectively, and net unrealized translation losses of $1 million and $2 million, respectively.

(b) See Note B for discussion of Valvoline Inc. noncontrolling interest.

(c) Common shares issued were 56,661 for the six months ended March 31, 2017.

SEE NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

ASHLAND GLOBAL HOLDINGS INC. AND CONSOLIDATED SUBSIDIARIES
STATEMENTS OF CONDENSED CONSOLIDATED CASH FLOWS

	Six months ended March 31	
(In millions - unaudited)	2017	2016
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES FROM CONTINUING OPERATIONS		
Net income	$ 115	$ 176
Loss (income) from discontinued operations (net of tax)	(3)	2
Adjustments to reconcile income from continuing operations to cash flows from operating activities		
Depreciation and amortization	153	168
Original issue discount and debt issuance cost amortization	98	6
Deferred income taxes	1	1
Equity income from affiliates	(7)	(8)
Distributions from equity affiliates	4	9
Stock based compensation expense	12	17
Gain on early retirement of debt	(3)	—
Gain on available-for-sale securities	(7)	(4)
Net loss on divestitures	1	—
Pension contributions	(14)	(15)
Loss (gain) on pension and other postretirement plan remeasurements	(10)	23
Change in operating assets and liabilities (a)	(278)	(125)
Total cash flows provided by operating activities from continuing operations	62	250
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES FROM CONTINUING OPERATIONS		
Additions to property, plant and equipment	(104)	(103)
Proceeds from disposal of property, plant and equipment	1	3
Purchase of operations - net of cash acquired	(48)	(66)
Proceeds (uses) from sale of operations or equity investments	(1)	12
Net purchase of funds restricted for specific transactions	(2)	—
Reimbursements from restricted investments	12	23
Purchases of available-for-sale securities	(19)	(4)
Proceeds from sales of available-for-sale securities	19	4
Proceeds from the settlement of derivative instruments	4	7
Payments for the settlement of derivative instruments	(3)	—
Total cash flows used by investing activities from continuing operations	(141)	(124)
CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES FROM CONTINUING OPERATIONS		
Repayment of long-term debt	(337)	(36)
Premium on long-term debt repayment	(5)	—
Proceeds (repayment) from short-term debt	(75)	368
Repurchase of common stock	—	(500)
Debt issuance costs	(4)	—
Cash dividends paid	(48)	(48)
Distributions to noncontrolling interest	(4)	—
Excess tax benefits related to share-based payments	(2)	(1)
Total cash flows used by financing activities from continuing operations	(475)	(217)
CASH USED BY CONTINUING OPERATIONS	(554)	(91)
Cash used by discontinued operations		
Operating cash flows	(21)	(19)
Investing cash flows	—	—
Total cash used by discontinued operations	(21)	(19)
Effect of currency exchange rate changes on cash and cash equivalents	(8)	(11)
DECREASE IN CASH AND CASH EQUIVALENTS	(583)	(121)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	1,188	1,257

CASH AND CASH EQUIVALENTS - END OF PERIOD	$ 605	$ 1,136

(a) Excludes changes resulting from operations acquired or sold.

SEE NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

On September 20, 2016, Ashland was reincorporated under the laws of the State of Delaware through a tax-free reorganization under a new holding company structure (the 2016 Reorganization). As a result of the Reorganization, Ashland Global Holdings Inc. replaced Ashland Inc. as the publicly held corporation and, through its subsidiaries, now conducts all of the operations that historically were conducted by Ashland Inc. The Condensed Consolidated Financial Statements include the accounts of Ashland Global Holdings Inc. and its majority owned subsidiaries and, when applicable, entities for which Ashland has a controlling financial interest or is the primary beneficiary (Ashland).

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial reporting and Securities and Exchange Commission (SEC) regulations. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. These statements omit certain information and footnote disclosures required for complete annual financial statements and, therefore, should be read in conjunction with Ashland's Annual Report on Form 10-K for the fiscal year ended September 30, 2016. Results of operations for the period ended March 31, 2017 are not necessarily indicative of the expected results for the remaining quarter in the fiscal year.

Ashland is composed of three reportable segments: Ashland Specialty Ingredients (Specialty Ingredients), Ashland Performance Materials (Performance Materials) and Valvoline. As of March 31, 2017, Ashland maintains an approximately 83% controlling interest in Valvoline Inc., which holds the Valvoline reportable segment. See Note B for additional information. The term Valvoline as used herein, depending on context, refers to either Valvoline Inc. or Valvoline as a reportable segment of Ashland.

Use of estimates, risks and uncertainties

The preparation of Ashland's Condensed Consolidated Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosures of contingent assets and liabilities. Significant items that are subject to such estimates and assumptions include, but are not limited to, long-lived assets (including goodwill and other intangible assets), employee benefit obligations, income taxes and liabilities and receivables associated with asbestos litigation and environmental remediation. Although management bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, actual results could differ significantly from the estimates under different assumptions or conditions.

Ashland's results are affected by domestic and international economic, political, legislative, regulatory and legal actions. Economic conditions, such as recessionary trends, inflation, interest and monetary exchange rates, government fiscal policies and changes in the prices of certain key raw materials, can have a significant effect on operations. While Ashland maintains reserves for anticipated liabilities and carries various levels of insurance, Ashland could be affected by civil, criminal, regulatory or administrative actions, claims or proceedings relating to asbestos, environmental remediation or other matters.

New accounting standards

A description of new U.S. GAAP accounting standards issued or adopted during the current year is required in interim financial reporting. A detailed listing of new accounting standards relevant to Ashland is included in the Annual Report on Form 10-K for the fiscal year ended September 30, 2016. The following standards relevant to Ashland were either issued or adopted in the current period, or will become effective in a subsequent period.

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (continued)

In March 2017, the FASB issued accounting guidance that will change how employers who sponsor defined benefit pension and/or postretirement benefit plans present the net periodic benefit cost in the Statement of Consolidated Comprehensive Income. This guidance requires employers to present the service cost component of net periodic benefit cost in the same caption within the Statement of Consolidated Comprehensive Income as other employee compensation costs from services rendered during the period. All other components of the net periodic benefit cost will be presented separately outside of the operating income caption. This guidance must be applied retrospectively and will become effective for Ashland on October 1, 2018, with early adoption being optional. Ashland currently intends to early adopt this guidance on October 1, 2017 and will revise the presentation of the net periodic benefit cost in previous periods to conform to the current period presentation. Ashland expects this guidance to have a significant impact on the presentation of Ashland's Statements of Consolidated Comprehensive Income as it will result in a reclassification of expenses and income from operating income into a separate caption below operating income, but before income taxes.

In January 2017, the FASB issued accounting guidance which simplifies the subsequent measurement of goodwill by eliminating the second step of the two-step impairment test under which the implied fair value of goodwill is determined as if the reporting unit were being acquired in a business combination. The guidance instead requires entities to compare the fair value of a reporting unit with its carrying amount and recognize an impairment charge for any amount by which the carrying amount exceeds the reporting unit's fair value. This guidance must be applied prospectively and will become effective for Ashland on October 1, 2020. Ashland is currently evaluating the impact this guidance may have on Ashland's Condensed Consolidated Financial Statements.

In April 2015, the FASB issued accounting guidance to help entities evaluate the accounting for fees paid by a customer in a cloud computing arrangement. Cloud computing arrangements represent the delivery of hosted services over the internet which includes software, platforms, infrastructure and other hosting arrangements. Under the guidance, customers that gain access to software in a cloud computing arrangement account for the software as internal-use software only if the arrangement includes a software license. This guidance became effective prospectively for Ashland on October 1, 2016.

NOTE B – VALVOLINE

Ashland Separation of Valvoline

On September 22, 2015, Ashland announced that the Board of Directors approved proceeding with a plan to separate Ashland into two independent, publicly traded companies comprising of the new Ashland (now known as Ashland Global Holdings Inc.) and Valvoline Inc. The initial step of the separation, the initial public offering (IPO) of Valvoline Inc., closed on September 28, 2016. The new Ashland is a premier global leader in providing specialty chemical solutions to customers in a wide range of consumer and industrial markets. These markets are currently served by Specialty Ingredients and Performance Materials. Key markets and applications include pharmaceutical, personal care, food and beverage, architectural coatings, adhesives, automotive, construction and energy. Valvoline Inc., a controlled subsidiary, operates on a stand-alone basis as a premium consumer-branded lubricant supplier.

After completing the IPO on September 28, 2016, Ashland owns 170 million shares of Valvoline Inc.'s common stock, representing approximately 83% of the total outstanding shares of Valvoline Inc.'s common stock. The resulting outside stockholders' interests in Valvoline Inc., which was approximately 17% as of March 31, 2017 and September 30, 2016, are presented separately as a noncontrolling interest within Ashland's equity in the Condensed Consolidated Balance Sheets. As of March 31, 2017 and September 30, 2016, the noncontrolling interest was $157 million and $182 million, respectively. The amount of consolidated net income attributable

NOTE B – VALVOLINE (continued)

to these minority holders is presented as a separate caption on the Statement of Consolidated Comprehensive Income.

Ashland recognized separation costs of $26 million and $12 million for the three months ended March 31, 2017 and 2016, respectively, and $54 million and $18 million for the six months ended March 31, 2017 and 2016, respectively, which are primarily related to transaction and legal fees. Separation costs are primarily recorded within the selling, general and administrative expense caption of the Statements of Consolidated Comprehensive Income.

Transferred Assets and Liabilities

As of September 30, 2016, Valvoline Inc. included substantially all of the Valvoline business as historically reported by Ashland, as well as certain other assets and liabilities transferred to Valvoline Inc. by Ashland as a part of the separation process. The largest transferred liabilities were the net pension and other postretirement plan liabilities, which include a substantial portion of the largest U.S. qualified pension plans and non-qualified U.S. pension plans. As of September 30, 2016, Valvoline Inc.’s net pension and other postretirement plan liabilities totaled approximately $900 million.

Other transferred assets and liabilities primarily consist of deferred compensation, certain Ashland legacy business insurance reserves, tax attributes and certain trade payables. The impact of these other transferring assets and liabilities during 2016 was approximately $15 million of net assets. Additionally, any deferred tax assets and liabilities that relate specifically to these assets and liabilities have been transferred to Valvoline Inc. as well as certain other tax liabilities as a result of the Tax Matters Agreement. For purposes of Ashland’s 2017 segment reporting and consistent with prior periods, these transferred assets and liabilities remain included within Unallocated and other.

Final Separation

On April 25, 2017, Ashland announced that the Board of Directors has authorized the distribution to Ashland stockholders of all 170 million shares of Valvoline Inc.'s common stock on May 12, 2017 as a pro rata dividend on shares of Ashland common stock outstanding at the close of business on the record date of May 5, 2017. The actual distribution ratio for the Valvoline Inc. common stock to be distributed per share of Ashland common stock will be determined based on the number of shares of Ashland common stock outstanding on the record date.

This final distribution is subject to certain conditions, including receipt of a customary tax opinion and confirmation of sufficient capital adequacy and surplus to make the distribution. Ashland expects all of these conditions to be satisfied on the distribution date.

Acquisitions

Time-It Lube

On January 31, 2017, Valvoline completed the acquisition of the business assets related to 28 quick-lube stores, primarily located in east Texas and Louisiana, from Time-It Lube LLC and Time-It Lube of Texas, LP (together, "Time-It Lube") for a purchase price of $48 million. Of the $48 million, $44 million was preliminarily allocated to goodwill and the remainder was allocated to working capital, customer relationships and trade names.

Oil Can Henry's

On December 11, 2015, Ashland announced that it signed a definitive agreement to acquire OCH International, Inc. (Oil Can Henry's), which was the 13th largest quick-lube network in the United States, servicing approximately 1 million vehicles annually with 89 quick-lube stores, consisting of 47 company-owned stores

NOTE B – VALVOLINE (continued)

and 42 franchise locations, in Oregon, Washington, California, Arizona, Idaho and Colorado. On February 1, 2016, Ashland completed the acquisition.

The acquisition of Oil Can Henry's was valued at $72 million, which included acquired indebtedness of $11 million and other working capital adjustments. Net of acquired indebtedness and certain purchase price adjustments, the net cash outlay was $62 million during the six months ended March 31, 2016. The purchase price allocation primarily included $83 million of goodwill.

NOTE C – DIVESTITURES

Specialty Ingredients Joint Venture

During September 2016, Ashland entered into a definitive sale agreement to sell its ownership interest in a Specialty Ingredients consolidated joint venture. Ashland recognized a loss of $12 million before tax in 2016 to recognize the assets at fair value less cost to sell, using Level 2 nonrecurring fair value measurements. The loss was reported within the net gain (loss) on divestitures caption within the Statement of Consolidated Comprehensive Income. The net assets held for sale are not material to Ashland’s Condensed Consolidated Balance Sheets.

Ashland determined this transaction did not qualify for discontinued operations treatment since it did not represent a strategic shift that had or will have a major effect on Ashland’s operations and financial results. Any additional gain or loss recognized as a result of the transaction is expected to be nominal and would be recognized in the period incurred. The disposition is expected to be completed during fiscal 2017.

NOTE D – DISCONTINUED OPERATIONS

In previous periods, Ashland has divested certain businesses that have qualified as discontinued operations. The operating results from these divested businesses and subsequent adjustments related to ongoing assessments of certain retained liabilities and tax items have been recorded within the discontinued operations caption in the Statements of Consolidated Comprehensive Income for all periods presented and are discussed further within this note.

On July 31, 2014, Ashland completed the sale of the Ashland Water Technologies (Water Technologies) business to Clayton, Dubilier & Rice. Ashland made subsequent post-closing adjustments to the discontinued operations caption as defined by the definitive agreement during the three and six months ended March 31, 2017 and 2016.

Components of amounts reflected in the Statements of Consolidated Comprehensive Income related to discontinued operations are presented in the following table for the three and six months ended March 31, 2017 and 2016.

	Three months ended March 31		Six months ended March 31	
(In millions)	2017	2016	2017	2016
Income (loss) from discontinued operations (net of tax)				
Water Technologies	$ 3	$ (1)	$ 3	$ (1)
Gain (loss) on disposal of discontinued operations (net of tax)				
Water Technologies	—	1	—	(1)
Total income (loss) from discontinued operations (net of tax)	$ 3	$ —	$ 3	$ (2)

NOTE E – FAIR VALUE MEASUREMENTS

As required by U.S. GAAP, Ashland uses applicable guidance for defining fair value, the initial recording and periodic remeasurement of certain assets and liabilities measured at fair value and related disclosures for instruments measured at fair value. Fair value accounting guidance establishes a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). An instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the instrument's fair value measurement. The three levels within the fair value hierarchy are described as follows.

Level 1 – Observable inputs such as unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3 – Unobservable inputs for the asset or liability for which there is little, if any, market activity at the measurement date. Unobservable inputs reflect Ashland's own assumptions about what market participants would use to price the asset or liability. The inputs are developed based on the best information available in the circumstances, which might include Ashland's own financial data such as internally developed pricing models, discounted cash flow methodologies, as well as instruments for which the fair value determination requires significant management judgment.

For assets that are measured using quoted prices in active markets (Level 1), the total fair value is the published market price per unit multiplied by the number of units held without consideration of transaction costs. Assets and liabilities that are measured using significant other observable inputs (Level 2) are primarily valued by reference to quoted prices of similar assets or liabilities in active markets, adjusted for any terms specific to that asset or liability. For all other assets and liabilities for which unobservable inputs are used (Level 3), fair value is derived through the use of fair value models, such as a discounted cash flow model or other standard pricing models that Ashland deems reasonable.

The following table summarizes financial instruments subject to recurring fair value measurements as of March 31, 2017.

NOTE E – FAIR VALUE MEASUREMENTS (continued)

(In millions)		Carrying value		Total fair value		Quoted prices in active markets for identical assets Level 1		Significant other observable inputs Level 2		Significant unobservable inputs Level 3
Assets										
Cash and cash equivalents	$	605	$	605	$	605	$	—	$	—
Restricted investments (a)		328		328		328		—		—
Deferred compensation investments (b)		186		186		33		153		—
Investments of captive insurance company (b)		2		2		2		—		—
Foreign currency derivatives		6		6		—		6		—
Total assets at fair value	$	1,127	$	1,127	$	968	$	159	$	—
Liabilities										
Foreign currency derivatives	$	4	$	4	$	—	$	4	$	—

(a) Included in restricted investments and $30 million within other current assets in the Condensed Consolidated Balance Sheets.
(b) Included in other noncurrent assets in the Condensed Consolidated Balance Sheets.

The following table summarizes financial asset instruments subject to recurring fair value measurements as of September 30, 2016.

(In millions)		Carrying value		Total fair value		Quoted prices in active markets for identical assets Level 1		Significant other observable inputs Level 2		Significant unobservable inputs Level 3
Assets										
Cash and cash equivalents	$	1,188	$	1,188	$	1,188	$	—	$	—
Restricted investments (a)		322		322		322		—		—
Deferred compensation investments (b)		185		185		35		150		—
Investments of captive insurance company (b)		4		4		4		—		—
Foreign currency derivatives		3		3		—		3		—
Total assets at fair value	$	1,702	$	1,702	$	1,549	$	153	$	—
Liabilities										
Foreign currency derivatives	$	5	$	5	$	—	$	5	$	—

(a) Included in restricted investments and $30 million within other current assets in the Condensed Consolidated Balance Sheets.
(b) Included in other noncurrent assets in the Condensed Consolidated Balance Sheets.

Restricted investments

On January 13, 2015, Ashland and Hercules entered into a comprehensive settlement agreement related to certain insurance coverage for asbestos bodily injury claims with Underwriters at Lloyd’s, certain London Companies and Chartis (AIG) member companies, along with National Indemnity Company and Resolute Management, Inc., under which Ashland and Hercules received a total of $398 million (the January 2015 asbestos insurance settlement). During the March 2015 quarter, Ashland placed $335 million of the settlement

NOTE E – FAIR VALUE MEASUREMENTS (continued)

funds from the January 2015 asbestos insurance settlement into a renewable annual trust restricted for the purpose of paying ongoing and future litigation defense and claim settlement costs incurred in conjunction with asbestos claims. These funds were classified primarily as noncurrent restricted investment assets, with $30 million classified within other current assets, in the Condensed Consolidated Balance Sheets as of March 31, 2017 and September 30, 2016.

During 2015, Ashland diversified the restricted investments received from the January 2015 asbestos insurance settlement into primarily equity and corporate bond mutual funds that are designated as available-for-sale securities, classified as Level 1 measurements within the fair value hierarchy. Available-for-sale securities are reported at fair value with unrealized gains and losses, net of related deferred income taxes, included in the stockholders' equity section of the Condensed Consolidated Balance Sheets as a component of accumulated other comprehensive income (AOCI). Investment income and realized gains and losses on the available-for-sale securities are reported in the net interest and other financing expense caption in the Statements of Consolidated Comprehensive Income. The following table provides a summary of the available-for-sale securities portfolio as of March 31, 2017 and September 30, 2016:

(In millions)	March 31 2017	September 30 2016
Original cost	$ 335	$ 335
Accumulated investment income, settlement funds and disbursements, net	(24)	(3)
Adjusted cost (a)	311	332
Investment income (b)	5	8
Unrealized gain	21	11
Unrealized loss	(1)	—
Realized gain	2	—
Settlement funds	2	4
Disbursements	(12)	(33)
Fair value	$ 328	$ 322

(a) The adjusted cost of the demand deposit includes accumulated investment income, disbursements and settlements recorded in previous periods.
(b) Investment income for the demand deposit includes interest income as well as dividend income transferred from the equity and corporate bond mutual funds.

The following table presents gross unrealized gains and losses for the available-for-sale securities as of March 31, 2017 and September 30, 2016:

NOTE E – FAIR VALUE MEASUREMENTS (continued)

(In millions)	Adjusted Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
As of March 31, 2017				
Demand Deposit	$ 20	$ —	$ —	$ 20
Equity Mutual Fund	168	21	—	189
Corporate bond Mutual Fund	120	—	(1)	119
Fair value	$ 308	$ 21	$ (1)	$ 328
As of September 30, 2016				
Demand Deposit	$ 6	$ —	$ —	$ 6
Equity Mutual Fund	185	8	—	193
Corporate bond Mutual Fund	120	3	—	123
Fair value	$ 311	$ 11	$ —	$ 322

The unrealized gains and losses as of March 31, 2017 and September 30, 2016 were recognized within AOCI. Ashland invests in highly-rated investment grade mutual funds. No other-than-temporary impairment was recognized in AOCI during the three and six months ended March 31, 2017 and 2016.

The following table presents the investment income, realized gains and disbursements related to the investments within the portfolio for the three and six months ended March 31, 2017 and 2016.

	Three months ended March 31		Six months ended March 31	
(In millions)	2017	2016	2017	2016
Investment income	$ 2	$ 2	$ 5	$ 4
Realized gains	2	—	2	—
Disbursements	(12)	(16)	(12)	(23)

Deferred compensation investments

Deferred compensation investments consist of Level 1 and Level 2 measurements within the fair value hierarchy. Level 1 investments consist primarily of fixed income U.S. government bonds while Level 2 investments are comprised primarily of a guaranteed interest fund, a common stock index fund and an intermediate government bond fund. Gains and losses related to deferred compensation investments are immediately recognized within the Statements of Consolidated Comprehensive Income.

Derivative and hedging activities

Currency hedges

Ashland conducts business in a variety of foreign currencies. Accordingly, Ashland regularly uses foreign currency derivative instruments to manage exposure on certain transactions denominated in foreign currencies to curtail potential earnings volatility effects of certain assets and liabilities, including short-term inter-company loans, denominated in currencies other than Ashland's functional currency of an entity. These derivative contracts generally require exchange of one foreign currency for another at a fixed rate at a future date and generally have maturities of less than twelve months. All contracts are valued at fair value with net changes in fair value recorded within the selling, general and administrative expense caption. The impacts of these contracts were largely offset by gains and losses resulting from the impact of changes in exchange rates on transactions denominated in non-functional currencies. The following table summarizes the gains recognized

NOTE E – FAIR VALUE MEASUREMENTS (continued)

during the three and six months ended March 31, 2017 and 2016 within the Statements of Consolidated Comprehensive Income.

	Three months ended March 31		Six months ended March 31	
(In millions)	2017	2016	2017	2016
Foreign currency derivative gain	$ 7	$ 1	$ 9	$ 4

The following table summarizes the fair values of the outstanding foreign currency derivatives as of March 31, 2017 and September 30, 2016 included in accounts receivable and accrued expenses and other liabilities of the Condensed Consolidated Balance Sheets.

(In millions)	March 31 2017	September 30 2016
Foreign currency derivative assets	$ 6	$ 3
Notional contract values	781	333
Foreign currency derivative liabilities	$ 3	$ 4
Notional contract values	312	530

Net investment hedges

Since 2014, Ashland has entered into foreign currency contracts in order to manage the foreign currency exposure of the net investment in certain foreign operations. These foreign currency contracts were primarily the result of certain proceeds from the sale of Water Technologies being received in non-U.S. denominated currencies during 2014 and ongoing management of the volatility in foreign currency exchange rates. Ashland designated the foreign currency contracts as hedges of net investments in its foreign subsidiaries. As a result, Ashland records these hedges at fair value using forward rates, with the effective portion of the gain or loss reported as a component of the cumulative translation adjustment within AOCI and subsequently recognized in the Statements of Consolidated Comprehensive Income when the hedged item affects net income. During 2017 and 2016, these foreign currency contracts were settled and for certain hedges Ashland entered into new foreign currency contracts designated as hedges of net investments in foreign subsidiaries. These settlements resulted in net gains and losses recorded within the cumulative translation adjustment within AOCI, including a net loss of $2 million for the three months ended March 31, 2017, and net gains of $1 million and $7 million for the six months March 31, 2017 and 2016, respectively.

As of March 31, 2017 and September 30, 2016, the total notional value of foreign currency contracts equaled $69 million and $94 million, respectively. The fair value of Ashland's net investment hedge assets and liabilities are calculated using forward rates. Accordingly, these instruments are deemed to be Level 2 measurements within the fair value hierarchy. Counterparties to these net investment hedges are highly rated financial institutions which Ashland believes carry only a nominal risk of nonperformance. The following table summarizes the fair value of the outstanding net investment hedge instruments as of March 31, 2017 and September 30, 2016.

(In millions)	Consolidated balance sheet caption	March 31 2017	September 30 2016
Net investment hedge assets (a)	Accounts receivable	$ —	$ —
Net investment hedge liabilities	Accrued expenses and other liabilities	1	1

(a) Fair value of $0 denotes a value less than $1 million.

NOTE E – FAIR VALUE MEASUREMENTS (continued)

The following table summarizes the change in the unrealized gain (loss) on the net investment hedge instruments recognized within the cumulative translation adjustment within AOCI during the three and six months ended March 31, 2017 and 2016. No portion of the gain or loss was reclassified to income during the three and six months ended March 31, 2017 and 2016. There was no hedge ineffectiveness with these instruments during the three and six months ended March 31, 2017 and 2016.

	Three months ended March 31		Six months ended March 31	
(In millions)	2017	2016	2017	2016
Change in unrealized loss in AOCI	$ (1)	$ (2)	$ (1)	$ (2)
Tax impact of change in unrealized loss in AOCI (a)	1	1	—	1

(a) $0 denotes a value less than $1 million.

Other financial instruments

At March 31, 2017 and September 30, 2016, Ashland's consolidated long-term debt (including the current portion and excluding debt issuance cost discounts) had a carrying value of $2,855 million and $3,103 million, respectively, compared to a fair value of $3,002 million and $3,336 million, respectively. The fair values of long-term debt are based on quoted market prices or, if market prices are not available, the present values of the underlying cash flows discounted at Ashland's incremental borrowing rates, which are deemed to be Level 2 measurements within the fair value hierarchy.

NOTE F – INVENTORIES

Inventories are carried at the lower of cost or market. Inventories are primarily stated at cost using the weighted-average cost method. In addition, certain chemicals, plastics and lubricants are valued at cost using the last-in, first-out (LIFO) method.

The following table summarizes Ashland's inventories as of the reported Condensed Consolidated Balance Sheet dates.

(In millions)	March 31 2017	September 30 2016
Finished products	$ 514	$ 516
Raw materials, supplies and work in process	200	184
LIFO reserves	(27)	(29)
	$ 687	$ 671

NOTE G – GOODWILL AND OTHER INTANGIBLES

Goodwill

Ashland reviews goodwill and indefinite-lived intangible assets for impairment annually or when events and circumstances indicate an impairment may have occurred. This annual assessment is performed as of July 1 and consists of Ashland determining each reporting unit's current fair value compared to its current carrying value. For its July 1, 2016 assessment, Ashland determined that its reporting units for the allocation of goodwill include the Specialty Ingredients reportable segment, the Composites and Intermediates/Solvents reporting units within the Performance Materials reportable segment, and the Core North America, Quick Lubes and

NOTE G – GOODWILL AND OTHER INTANGIBLES (continued)

International reporting units within the Valvoline reportable segment. Based on the results of its goodwill impairment testing as of July 1, 2016, Ashland recorded a pre-tax goodwill impairment charge of $171 million for Intermediates/Solvents during the fourth quarter of 2016.

The following is a progression of goodwill by reportable segment for the six months ended March 31, 2017.

(In millions)	Specialty Ingredients	Performance Materials (a)	Valvoline (b)	Total
Balance as of September 30, 2016	$ 1,991	$ 147	$ 263	$ 2,401
Acquisitions (c)	—	—	49	49
Currency translation adjustment	(36)	(1)	—	(37)
Balance as of March 31, 2017	$ 1,955	$ 146	$ 312	$ 2,413

(a) As of March 31, 2017, goodwill was completely attributable to the Composites reporting unit due to the full impairment of the goodwill for the Intermediates/Solvents reporting unit during the fourth quarter of 2016.
(b) As of March 31, 2017, goodwill consisted of $89 million for the Core North America reporting unit, $183 million for the Quick Lubes reporting unit and $40 million for the International reporting unit.
(c) Relates to $44 million for the acquisition of Time-It Lube and $5 million for Valvoline Instant Oil Change[SM] center acquisitions during the six months ended March 31, 2017. See Note B for more information on the acquisition of Time-It Lube.

Other intangible assets

Intangible assets principally consist of trademarks and trade names, intellectual property and customer relationships. Intangible assets classified as finite are amortized on a straight-line basis over their estimated useful lives. The cost of trademarks and trade names is amortized principally over 3 to 25 years, intellectual property over 5 to 20 years, and customer relationships over 3 to 24 years.

Ashland annually reviews indefinite-lived intangible assets for possible impairment or whenever events or changes in circumstances indicate that carrying amounts may not be recoverable.

Intangible assets were comprised of the following as of March 31, 2017 and September 30, 2016.

	March 31, 2017		
(In millions)	Gross carrying amount	Accumulated amortization	Net carrying amount
Definite-lived intangible assets			
Trademarks and trade names (a)	$ 43	$ (20)	$ 23
Intellectual property	663	(297)	366
Customer relationships (a)	538	(211)	327
Total definite-lived intangible assets	1,244	(528)	716
Indefinite-lived intangible assets			
Trademarks and trade names	301	—	301
Total intangible assets	$ 1,545	$ (528)	$ 1,017

(a) Acquired customer relationships and trade names during the six months ended March 31, 2017 had gross carrying amounts of $2 million and $1 million, respectively, for Time-It Lube. See Note B for more information on the acquisition of Time-It Lube.

NOTE G – GOODWILL AND OTHER INTANGIBLES (continued)

	September 30, 2016		
(In millions)	Gross carrying amount	Accumulated amortization	Net carrying amount
Definite-lived intangible assets			
Trademarks and trade names	$ 42	$ (19)	$ 23
Intellectual property	667	(273)	394
Customer relationships	546	(200)	346
Total definite-lived intangible assets	1,255	(492)	763
Indefinite-lived intangible assets			
Trademarks and trade names	301	—	301
Total intangible assets	$ 1,556	$ (492)	$ 1,064

Amortization expense recognized on intangible assets was $19 million for each of the three months ended March 31, 2017 and 2016, and $38 million for each of the six months ended March 31, 2017 and 2016, and is included in the selling, general and administrative expense caption of the Statements of Consolidated Comprehensive Income. Estimated amortization expense for future periods is $77 million in 2017 (includes six months actual and six months estimated), $76 million in 2018, $71 million in 2019, $70 million in 2020 and $70 million in 2021. The amortization expense for future periods is an estimate. Actual amounts may change from such estimated amounts due to fluctuations in foreign currency exchange rates, additional intangible asset acquisitions and divestitures, potential impairment, accelerated amortization, or other events.

NOTE H – DEBT

The following table summarizes Ashland’s current and long-term debt as of the dates reported in the Condensed Consolidated Balance Sheets.

NOTE H – DEBT (continued)

(In millions)	March 31 2017	September 30 2016
4.750% notes, due 2022	$ 1,082	$ 1,121
3.875% notes, due 2018	659	700
6.875% notes, due 2043	376	376
5.500% notes, due 2024 (a)	375	375
Term Loan, due 2021 (a)	293	375
2017 accounts receivable securitization facility (a)	75	—
6.50% junior subordinated notes, due 2029	50	140
Other international loans, interest at a weighted-average rate of 4.9% at March 31, 2017 (4.8% to 5.0%)	20	20
Medium-term notes, due 2019, interest of 9.4% at March 31, 2017	5	5
Term Loan, due 2017	—	150
Other (b)	(12)	(18)
Total debt	2,923	3,244
Short-term debt	(95)	(170)
Current portion of long-term debt	(16)	(19)
Long-term debt (less current portion and debt issuance cost discounts)	$ 2,812	$ 3,055

(a) These debt instruments were issued by Valvoline during 2016 and 2017 in connection with the separation process.
(b) Other includes $27 million and $29 million of debt issuance cost discounts as of March 31, 2017 and September 30, 2016, respectively.

The scheduled aggregate maturities of long-term debt by year (including the current portion and excluding debt issuance costs) are as follows: $8 million remaining in 2017, $674 million in 2018, $35 million in 2019, $30 million in 2020 and $210 million in 2021.

Ashland Financing Activities

6.50% junior subordinated notes due 2029

In December 2016, Hercules LLC (Hercules) (formerly Hercules Incorporated), an indirect wholly-owned subsidiary of Ashland, repurchased, through a cash tender offer (the Tender Offer), $182 million of the aggregate principal par value amount of its 6.50% junior subordinated notes due 2029 (2029 notes) for an aggregate purchase price of $177 million. As a result of the Tender Offer, the carrying value of the 2029 notes was reduced by $90 million and Ashland recognized a $92 million charge related to accelerated accretion of the recorded debt discount (compared to the total par value) and $5 million of a net gain related to the repayment of the debt. The charge and net gain are included in the net interest and other financing expense caption of the Statements of Consolidated Comprehensive Income for the six months ended March 31, 2017.

Open market repurchases of 4.750% notes due 2022 and 3.875% notes due 2018

During the six months ended March 31, 2017, Ashland executed open market repurchases of its 4.750% notes due 2022 (2022 notes) and its 3.875% notes due 2018 (2018 notes). As a result of these repurchases, the carrying values of the 2022 notes and 2018 notes were reduced by $39 million and $41 million, respectively. Ashland recognized a $3 million charge related to premiums paid in the open market repurchases and accelerated amortization of previously capitalized debt issuance costs, which is included in the net interest and other financing expense caption of the Statements of Consolidated Comprehensive Income for the six months ended March 31, 2017.

NOTE H – DEBT (continued)

Subsidiary senior unsecured term loan

During August 2016, a wholly owned foreign subsidiary of Ashland entered into a credit agreement which provided for an aggregate principal amount of $150 million in a senior unsecured term loan facility. This term loan was drawn in full as of September 30, 2016 and was fully repaid during the six months ended March 31, 2017.

Accounts receivable securitization

During the December 2015 quarter, the Transfer and Administration Agreement was amended to extend the termination date of the accounts receivable securitization facility from December 31, 2015 to March 22, 2017. During the March 2017 quarter, this facility was extended for an additional year with similar terms as the previous facility agreement. No other changes to the agreement within the current or prior year amendments are expected to have a significant impact to Ashland's results of operations and financial position.

Remaining borrowing capacity

The borrowing capacity remaining under Ashland's 2015 revolving credit facility was $748 million, which is net of $52 million for letters of credit outstanding at March 31, 2017. Ashland's total borrowing capacity at March 31, 2017 (excluding Valvoline) was $847 million, which included $99 million of available capacity from the accounts receivable securitization facility.

Covenants related to current Ashland debt agreements

Ashland's debt contains usual and customary representations, warranties and affirmative and negative covenants, including financial covenants for leverage and interest coverage ratios, limitations on liens, additional subsidiary indebtedness, restrictions on subsidiary distributions, investments, mergers, sale of assets and restricted payments and other customary limitations. As of March 31, 2017, Ashland is in compliance with all debt agreement covenant restrictions.

The maximum consolidated leverage ratio permitted under Ashland's most recent credit agreement (the 2015 Senior Credit Agreement) during its remaining duration is 3.50. At March 31, 2017, Ashland’s calculation of the consolidated leverage ratio was 3.1, which is below the maximum consolidated leverage ratio of 3.50.

The minimum required consolidated interest coverage ratio under the 2015 Senior Credit Agreement during its entire duration is 3.0. At March 31, 2017, Ashland’s calculation of the interest coverage ratio was 4.5, which exceeds the minimum required consolidated ratio of 3.0.

Valvoline Financing Activities

Accounts receivable securitization

In November 2016, Valvoline entered into a $125 million accounts receivable securitization facility (the 2017 accounts receivable securitization facility) pursuant to (i) a Sale Agreement, between Valvoline and LEX Capital LLC, a wholly-owned “bankruptcy remote” special purpose subsidiary of Valvoline (Lex) and (ii) a Transfer and Administration Agreement, among Lex, Valvoline, as Master Servicer, a certain Conduit Investor, Uncommitted Investor, and Letter of Credit Issuer, certain Managing Agents, Administrators and Committed Investors, and PNC Bank National Association, as agent for various secured parties (the Agent).

Under the Sale Agreement, Valvoline will sell, on an ongoing basis, substantially all of its accounts receivable, certain related assets and the right to the collections on those accounts receivable to Lex. Under the terms of the Transfer and Administration Agreement, Lex may, from time to time, obtain up to $125 million (in the form of cash or letters of credit for the benefit of Valvoline) from the Conduit Investor, the Uncommitted

NOTE H – DEBT (continued)

Investor and/or the Committed Investors (together the “Investors”) through the sale of an undivided interest in such accounts receivable, related assets and collections. The Transfer and Administration Agreement has a term of one year but is extendable at the discretion of the Investors. Valvoline accounts for the 2017 accounts receivable securitization facility as secured borrowings, and the receivables sold pursuant to the facility are included in Ashland's Condensed Consolidated Balance Sheet as accounts receivable. Valvoline classifies any borrowings under this facility as short-term debt within Ashland's Condensed Consolidated Balance Sheet.

During the first quarter of 2017, Valvoline borrowed $75 million under the 2017 accounts receivable securitization facility and used the net proceeds to repay an equal amount of the 2016 term loan facility. As a result, Valvoline recognized a $1 million charge related to the accelerated amortization of previously capitalized debt issuance costs, which is included in the net interest and other financing expense caption of the Statements of Consolidated Comprehensive Income for the six months ended March 31, 2017.

Remaining borrowing capacity

At March 31, 2017, the total borrowing capacity remaining under Valvoline's 2016 revolving credit facility was $436 million, which is net of $14 million for letters of credit outstanding. Valvoline's total borrowing capacity at March 31, 2017 was $486 million, which included $50 million of available capacity from the 2017 accounts receivable securitization facility.

Covenants related to current Valvoline debt agreements

The Valvoline Credit Agreement contains usual and customary representations and warranties, and usual and customary affirmative and negative covenants, including limitations on liens, additional indebtedness, investments, restricted payments, asset sales, mergers, affiliate transactions and other customary limitations, as well as financial covenants (including maintenance of a maximum consolidated leverage ratio and a minimum consolidated interest coverage ratio) and other customary limitations. As of March 31, 2017, Valvoline Inc. was in compliance with all debt agreement covenant restrictions.

The maximum consolidated leverage ratio permitted under the Valvoline Credit Agreement is 4.5. At March 31, 2017, Valvoline’s calculation of the consolidated leverage ratio was 1.4, which is below the maximum consolidated leverage ratio of 4.5.

The minimum required consolidated interest coverage ratio under the Valvoline Credit Agreement during its entire duration is 3.0. At March 31, 2017, Valvoline’s calculation of the interest coverage ratio was 13.5, which exceeds the minimum required consolidated ratio of 3.0.

NOTE I – INCOME TAXES

Current fiscal year

Ashland’s estimated annual effective income tax rate used to determine income tax expense in interim financial reporting for the year ending September 30, 2017 is 24%. Ashland’s effective tax rate in any interim period is subject to adjustments related to discrete items and the mix of domestic and foreign operating results. The overall effective tax rate was 23% and 18% for the three and six months ended March 31, 2017, respectively. The current quarter and period tax rate was impacted by net favorable tax discrete items of $4 million primarily related to unrecognized tax benefits due to lapse of the statute of limitations.

NOTE I – INCOME TAXES (continued)

Prior fiscal year

Ashland’s annual effective income tax rate used to determine income tax expense in interim financial reporting for the year ending September 30, 2016 was 25%. The overall effective tax rate was 15% and 16% for the three and six months ended March 31, 2016, respectively. The prior year quarter and period tax rate was impacted by net favorable tax discrete items of $7 million and $13 million, respectively, primarily related to the law change from the reinstatement of the research and development credit, a favorable tax liquidation resolution and the reversal of unrecognized tax benefits due to lapse of the statute of limitations.

Unrecognized tax benefits

Changes in unrecognized tax benefits are summarized as follows for the six months ended March 31, 2017.

(In millions)	
Balance at October 1, 2016	$ 168
Increases related to positions taken on items from prior years	5
Decreases related to positions taken on items from prior years	(2)
Increases related to positions taken in the current year	7
Lapse of the statute of limitations	(2)
Settlement of uncertain tax positions with tax authorities	(1)
Balance at March 31, 2017	$ 175

In the next twelve months, Ashland expects a decrease in the amount accrued for uncertain tax positions of up to $1 million for continuing operations and zero for discontinued operations related primarily to audit settlements and statute of limitations expirations in various tax jurisdictions. It is reasonably possible that there could be other material changes to the amount of uncertain tax positions due to activities of the taxing authorities, settlement of audit issues or the reassessment of existing uncertain tax positions; however, Ashland is not able to estimate the impact of these items at this time.

NOTE J – EMPLOYEE BENEFIT PLANS

For the six months ended March 31, 2017, Ashland contributed $7 million to its non-qualified U.S. pension plans, all of which was paid by Valvoline, and $7 million to its non-U.S. pension plans. No contributions were made to Ashland's qualified U.S. pension plans during the six months ended March 31, 2017. Ashland expects to make additional contributions to the U.S. plans of approximately $7 million, which will primarily be paid by Valvoline, and to the non-U.S. plans of approximately $3 million during the remainder of 2017.

Plan Transfers

During September 2016, Ashland transferred a substantial portion of the largest U.S. qualified pension and non-qualified U.S. pension plans as well as certain other postretirement obligations to Valvoline Inc. as part of the separation process discussed further in Note B.

Plan Amendments and Remeasurements

Effective January 1, 2017, Ashland discontinued certain post-employment health and life insurance benefits. The effect of these plan changes resulted in a remeasurement gain of $10 million, $4 million within cost of sales and $6 million within selling, general and administrative expense, in the Statements of Consolidated Comprehensive Income for the six months ended March 31, 2017.

NOTE J – EMPLOYEE BENEFIT PLANS (continued)

During March 2016, Ashland announced plans to amend the majority of its U.S. pension plans, with the exception of certain union plans, to freeze the accrual of pension benefits for participants. The freezing of pension benefits was effective September 30, 2016. Additionally, Ashland announced plans to reduce retiree life and medical benefits effective October 1, 2016 and January 1, 2017, respectively. The net effect of the these remeasurements resulted in a loss of $23 million within the Statements of Consolidated Comprehensive Income for the three and six months ended March 31, 2016. The following details the components of the remeasurement impact:

- As a result of the remeasurement of the affected U.S. pension plans, Ashland recognized a curtailment gain of $65 million and actuarial loss of $123 million during the three and six months ended March 31, 2016.
- As a result of the remeasurement of other postretirement benefit plans, Ashland recognized a curtailment gain of $39 million and actuarial loss of $7 million during the three and six months ended March 31, 2016. This remeasurement reduced the benefit obligations by $86 million, which will be amortized to income in future periods.
- Ashland was also required to remeasure a non-U.S. pension plan during the prior year quarter and as a result recognized a curtailment gain of $6 million and actuarial loss of $3 million during the three and six months ended March 31, 2016.

Components of net periodic benefit costs (income)

For segment reporting purposes, service cost for continuing operations is proportionately allocated to each segment, excluding the Unallocated and other segment, while all other costs for continuing operations are recorded within the Unallocated and other segment.

The following table details the components of pension and other postretirement benefit costs.

	Pension benefits		Other postretirement benefits	
(In millions)	2017	2016	2017	2016
Three months ended March 31				
Service cost (a)	$ 2	$ 6	$ —	$ —
Interest cost	24	31	1	1
Expected return on plan assets	(39)	(48)	—	—
Amortization of prior service credit (a)	—	—	(3)	(4)
Curtailment gain	—	(71)	—	(39)
Actuarial loss	—	126	—	7
	$ (13)	$ 44	$ (2)	$ (35)
Six months ended March 31				
Service cost (a)	$ 5	$ 13	$ —	$ —
Interest cost	47	62	2	3
Expected return on plan assets	(78)	(96)	—	—
Amortization of prior service credit (a)	—	(1)	(6)	(8)
Curtailment gain	—	(71)	—	(39)
Actuarial (gain) loss	—	126	(10)	7
	$ (26)	$ 33	$ (14)	$ (37)

(a) Activity of $0 denote values less than $1 million.

NOTE K – LITIGATION, CLAIMS AND CONTINGENCIES

Asbestos litigation

Ashland and Hercules have liabilities from claims alleging personal injury caused by exposure to asbestos. To assist in developing and annually updating independent reserve estimates for future asbestos claims and related costs given various assumptions, Ashland retained Hamilton, Rabinovitz & Associates, Inc. (HR&A). The methodology used by HR&A to project future asbestos costs is based largely on recent experience, including claim-filing and settlement rates, disease mix, enacted legislation, open claims and litigation defense. The claim experience of Ashland and Hercules are separately compared to the results of previously conducted third party epidemiological studies estimating the number of people likely to develop asbestos-related diseases. Those studies were undertaken in connection with national analyses of the population expected to have been exposed to asbestos. Using that information, HR&A estimates a range of the number of future claims that may be filed, as well as the related costs that may be incurred in resolving those claims. Changes in asbestos-related liabilities and receivables are recorded on an after-tax basis within the discontinued operations caption in the Statements of Consolidated Comprehensive Income.

Ashland asbestos-related litigation

The claims alleging personal injury caused by exposure to asbestos asserted against Ashland result primarily from indemnification obligations undertaken in 1990 in connection with the sale of Riley Stoker Corporation, a former subsidiary. The amount and timing of settlements and number of open claims can fluctuate from period to period. A summary of Ashland asbestos claims activity, excluding Hercules claims, follows.

	Six months ended March 31		Years ended September 30		
(In thousands)	2017	2016	2016	2015	2014
Open claims - beginning of period	57	60	60	65	65
New claims filed	1	1	2	2	2
Claims settled	—	—	—	—	(1)
Claims dismissed	(2)	(3)	(5)	(7)	(1)
Open claims - end of period	56	58	57	60	65

Ashland asbestos-related liability

From the range of estimates, Ashland records the amount it believes to be the best estimate of future payments for litigation defense and claim settlement costs, which generally approximates the mid-point of the estimated range of exposure from model results. Ashland reviews this estimate and related assumptions quarterly and annually updates the results of a non-inflated, non-discounted approximate 50-year model developed with the assistance of HR&A.

During the most recent annual update of this estimate completed during the June 2016 quarter, it was determined that the liability for Ashland asbestos-related claims should be increased by $37 million. Total reserves for asbestos claims were $397 million at March 31, 2017 compared to $415 million at September 30, 2016.

A progression of activity in the asbestos reserve is presented in the following table.

NOTE K – LITIGATION, CLAIMS AND CONTINGENCIES (continued)

	Six months ended March 31		Years ended September 30		
(In millions)	2017	2016	2016	2015	2014
Asbestos reserve - beginning of period	$ 415	$ 409	$ 409	$ 438	$ 463
Reserve adjustment	—	—	37	—	4
Amounts paid	(18)	(17)	(31)	(29)	(29)
Asbestos reserve - end of period	$ 397	$ 392	$ 415	$ 409	$ 438

Ashland asbestos-related receivables

Ashland has insurance coverage for certain litigation defense and claim settlement costs incurred in connection with its asbestos claims, and coverage-in-place agreements exist with the insurance companies that provide substantially all of the coverage that will be accessed.

For the Ashland asbestos-related obligations, Ashland has estimated the value of probable insurance recoveries associated with its asbestos reserve based on management's interpretations and estimates surrounding the available or applicable insurance coverage, including an assumption that all solvent insurance carriers remain solvent. Substantially all of the estimated receivables from insurance companies are expected to be due from domestic insurers, all of which are solvent.

At March 31, 2017, Ashland's receivable for recoveries of litigation defense and claim settlement costs from insurers amounted to $144 million (excluding the Hercules receivable for asbestos claims), of which $4 million relates to costs previously paid. Receivables from insurers amounted to $151 million at September 30, 2016. During the June 2016 quarter, the annual update of the model used for purposes of valuing the asbestos reserve and its impact on valuation of future recoveries from insurers was completed. This model update resulted in a $16 million increase in the receivable for probable insurance recoveries.

Ashland entered into settlement agreements totaling $5 million and $4 million with certain insurers during the March 2017 and 2016 quarters, respectively, which resulted in a reduction of the Ashland insurance receivable within the Condensed Consolidated Balance Sheets by the same amount. During the June 2016 quarter, Ashland placed $4 million of the settlement funds into the renewable annual trust.

A progression of activity in the Ashland insurance receivable is presented in the following table.

	Six months ended March 31		Years ended September 30		
(In millions)	2017	2016	2016	2015	2014
Insurance receivable - beginning of period	$ 151	$ 150	$ 150	$ 402	$ 408
Receivable adjustment	—	—	16	(3)	22
Insurance settlement	(5)	(4)	(4)	(227)	—
Amounts collected	(2)	(7)	(11)	(22)	(28)
Insurance receivable - end of period	$ 144	$ 139	$ 151	$ 150	$ 402

Hercules asbestos-related litigation

Hercules has liabilities from claims alleging personal injury caused by exposure to asbestos. Such claims typically arise from alleged exposure to asbestos fibers from resin encapsulated pipe and tank products which were sold by one of Hercules' former subsidiaries to a limited industrial market. The amount and timing of settlements and number of open claims can fluctuate from period to period. A summary of Hercules' asbestos claims activity follows.

NOTE K – LITIGATION, CLAIMS AND CONTINGENCIES (continued)

	Six months ended March 31		Years ended September 30		
(In thousands)	2017	2016	2016	2015	2014
Open claims - beginning of period	15	20	20	21	21
New claims filed	1	1	1	1	1
Claims dismissed	(3)	(1)	(6)	(2)	(1)
Open claims - end of period	13	20	15	20	21

Hercules asbestos-related liability

From the range of estimates, Ashland records the amount it believes to be the best estimate of future payments for litigation defense and claim settlement costs, which generally approximates the mid-point of the estimated range of exposure from model results. Ashland reviews this estimate and related assumptions quarterly and annually updates the results of a non-inflated, non-discounted approximate 50-year model developed with the assistance of HR&A. As a result of the most recent annual update of this estimate, completed during the June 2016 quarter, it was determined that the liability for Hercules asbestos-related claims should be increased by $25 million. Total reserves for asbestos claims were $316 million at March 31, 2017 compared to $321 million at September 30, 2016.

A progression of activity in the asbestos reserve is presented in the following table.

	Six months ended March 31		Years ended September 30		
(In millions)	2017	2016	2016	2015	2014
Asbestos reserve - beginning of period	$ 321	$ 311	$ 311	$ 329	$ 342
Reserve adjustment	—	—	25	4	10
Amounts paid	(5)	(8)	(15)	(22)	(23)
Asbestos reserve - end of period	$ 316	$ 303	$ 321	$ 311	$ 329

Hercules asbestos-related receivables

For the Hercules asbestos-related obligations, certain reimbursement obligations pursuant to coverage-in-place agreements with insurance carriers exist. As a result, any increases in the asbestos reserve have been partially offset by probable insurance recoveries. Ashland has estimated the value of probable insurance recoveries associated with its asbestos reserve based on management’s interpretations and estimates surrounding the available or applicable insurance coverage, including an assumption that all solvent insurance carriers remain solvent. The estimated receivable consists exclusively of solvent domestic insurers.

As of March 31, 2017 and September 30, 2016, the receivables from insurers amounted to $63 million. During the June 2016 quarter, the annual update of the model used for purposes of valuing the asbestos reserve and its impact on valuation of future recoveries from insurers was completed. This model update resulted in a $7 million increase in the receivable for probable insurance recoveries.

A progression of activity in the Hercules insurance receivable is presented in the following table.

NOTE K – LITIGATION, CLAIMS AND CONTINGENCIES (continued)

	Six months ended March 31		Years ended September 30		
(In millions)	2017	2016	2016	2015	2014
Insurance receivable - beginning of period	$ 63	$ 56	$ 56	$ 77	$ 75
Receivable adjustment	—	—	7	1	3
Insurance settlement	—	—	—	(22)	—
Amounts collected	—	—	—	—	(1)
Insurance receivable - end of period	$ 63	$ 56	$ 63	$ 56	$ 77

Asbestos litigation cost projection

Projecting future asbestos costs is subject to numerous variables that are extremely difficult to predict. In addition to the significant uncertainties surrounding the number of claims that might be received, other variables include the type and severity of the disease alleged by each claimant, the long latency period associated with asbestos exposure, mortality rates, dismissal rates, costs of medical treatment, the impact of bankruptcies of other companies that are co-defendants in claims, uncertainties surrounding the litigation process from jurisdiction to jurisdiction and from case to case, and the impact of potential changes in legislative or judicial standards. Furthermore, any predictions with respect to these variables are subject to even greater uncertainty as the projection period lengthens. In light of these inherent uncertainties, Ashland believes that the asbestos reserves for Ashland and Hercules represent the best estimate within a range of possible outcomes. As a part of the process to develop these estimates of future asbestos costs, a range of long-term cost models was developed. These models are based on national studies that predict the number of people likely to develop asbestos-related diseases and are heavily influenced by assumptions regarding long-term inflation rates for indemnity payments and legal defense costs, as well as other variables mentioned previously. Ashland has currently estimated in various models ranging from approximately 40 to 50 year periods that it is reasonably possible that total future litigation defense and claim settlement costs on an inflated and undiscounted basis could range as high as approximately $670 million for the Ashland asbestos-related litigation (current reserve of $397 million) and approximately $490 million for the Hercules asbestos-related litigation (current reserve of $316 million), depending on the combination of assumptions selected in the various models. If actual experience is worse than projected, relative to the number of claims filed, the severity of alleged disease associated with those claims or costs incurred to resolve those claims, or actuarial refinement or improvements to the assumptions used within these models are initiated, Ashland may need to further increase the estimates of the costs associated with asbestos claims and these increases could be material over time.

Environmental remediation and asset retirement obligations

Ashland is subject to various federal, state and local environmental laws and regulations that require environmental assessment or remediation efforts (collectively environmental remediation) at multiple locations. At March 31, 2017, such locations included 84 waste treatment or disposal sites where Ashland has been identified as a potentially responsible party under Superfund or similar state laws, 130 current and former operating facilities (including certain operating facilities conveyed as part of the MAP Transaction) and about 1,225 service station properties, of which 64 are being actively remediated.

Ashland's reserves for environmental remediation and related environmental litigation amounted to $167 million at March 31, 2017 compared to $177 million at September 30, 2016, of which $124 million at March 31, 2017 and $134 million at September 30, 2016 were classified in other noncurrent liabilities on the Condensed Consolidated Balance Sheets.

The following table provides a reconciliation of the changes in the environmental remediation reserves during the six months ended March 31, 2017 and 2016.

NOTE K – LITIGATION, CLAIMS AND CONTINGENCIES (continued)

	Six months ended March 31	
(In millions)	2017	2016
Reserve - beginning of period	$ 177	$ 186
Disbursements	(15)	(24)
Revised obligation estimates and accretion	5	14
Reserve - end of period	$ 167	$ 176

The total reserves for environmental remediation reflect Ashland's estimates of the most likely costs that will be incurred over an extended period to remediate identified conditions for which the costs are reasonably estimable, without regard to any third-party recoveries. Engineering studies, probability techniques, historical experience and other factors are used to identify and evaluate remediation alternatives and their related costs in determining the estimated reserves for environmental remediation. Ashland continues to discount certain environmental sites and regularly adjusts its reserves as environmental remediation continues. Ashland has estimated the value of its probable insurance recoveries associated with its environmental reserve based on management's interpretations and estimates surrounding the available or applicable insurance coverage. At March 31, 2017 and September 30, 2016, Ashland's recorded receivable for these probable insurance recoveries was $22 million and $23 million, respectively, of which $14 million and $15 million at March 31, 2017 and September 30, 2016, respectively, were classified in other noncurrent assets on the Condensed Consolidated Balance Sheets.

Components of environmental remediation expense included within the selling, general and administrative expense caption of the Statements of Consolidated Comprehensive Income are presented in the following table for the three and six months ended March 31, 2017 and 2016.

	Three months ended March 31		Six months ended March 31	
(In millions)	2017	2016	2017	2016
Environmental expense	$ 1	$ 9	$ 5	$ 13
Accretion (a)	—	1	—	1
Legal expense	4	3	5	5
Total expense	5	13	10	19
Insurance receivable (a)	—	(1)	—	(1)
Total expense, net of receivable activity (b)	$ 5	$ 12	$ 10	$ 18

(a) Activity of $0 denotes value less than $1 million.
(b) Net expense of $1 million and $2 million for the three and six months ended March 31, 2017, respectively, relates to divested businesses which qualified for treatment as discontinued operations and for which certain environmental liabilities were retained by Ashland. These amounts are classified within the income (loss) from discontinued operations caption of the Statements of Consolidated Comprehensive Income.

Environmental remediation reserves are subject to numerous inherent uncertainties that affect Ashland's ability to estimate its share of the costs. Such uncertainties involve the nature and extent of contamination at each site, the extent of required cleanup efforts under existing environmental regulations, widely varying costs of alternate cleanup methods, changes in environmental regulations, the potential effect of continuing improvements in remediation technology, and the number and financial strength of other potentially responsible parties at multiparty sites. Although it is not possible to predict with certainty the ultimate costs of environmental remediation, Ashland currently estimates that the upper end of the reasonably possible range of future costs for identified sites could be as high as approximately $375 million. No individual remediation location is significant, as the largest reserve for any site is less than 16% of the remediation reserve.

NOTE K – LITIGATION, CLAIMS AND CONTINGENCIES (continued)

Other legal proceedings and claims

In addition to the matters described above, there are other various claims, lawsuits and administrative proceedings pending or threatened against Ashland and its current and former subsidiaries. Such actions are with respect to commercial matters, product liability, toxic tort liability, and other environmental matters, which seek remedies or damages, some of which are for substantial amounts. While Ashland cannot predict with certainty the outcome of such actions, it believes that adequate reserves have been recorded and losses already recognized with respect to such actions were immaterial as of March 31, 2017 and September 30, 2016. There is a reasonable possibility that a loss exceeding amounts already recognized may be incurred related to these actions; however, Ashland believes that such potential losses were immaterial as of March 31, 2017.

NOTE L – EARNINGS PER SHARE

The following is the computation of basic and diluted earnings per share (EPS) from continuing operations attributable to Ashland. Stock appreciation rights (SARs), stock options and warrants available to purchase shares outstanding for each reporting period whose grant price was greater than the average market price of Ashland Common Stock for each applicable period were not included in the computation of income from continuing operations per diluted share because the effect of these instruments would be antidilutive. The total number of these shares outstanding was approximately 0.1 million and 1.2 million at March 31, 2017 and 2016, respectively. Earnings per share is reported under the treasury stock method.

	Three months ended March 31		Six months ended March 31	
(In millions except per share data)	2017	2016	2017	2016
Numerator				
Numerator for basic and diluted EPS –				
Income from continuing operations	$ 102	$ 87	$ 112	$ 178
Less: Income from continuing operations attributable to noncontrolling interest	13	—	24	—
Income from continuing operations attributable to Ashland, net of tax	$ 89	$ 87	$ 88	$ 178
Denominator				
Denominator for basic EPS – Weighted-average common shares outstanding	62	62	62	63
Share-based awards convertible to common shares	1	1	1	1
Denominator for diluted EPS – Adjusted weighted-average shares and assumed conversions	63	63	63	64
EPS from continuing operations attributable to Ashland				
Basic	$ 1.43	$ 1.39	$ 1.42	$ 2.79
Diluted	1.42	1.38	1.41	2.76

NOTE M – EQUITY ITEMS

Stock repurchase programs

In April 2015, Ashland's Board of Directors approved a $1 billion share repurchase authorization that will expire on December 31, 2017 (the 2015 stock repurchase program). This authorization allows for Ashland’s common shares to be repurchased in open market transactions, privately negotiated transactions or pursuant to one or more accelerated stock repurchase programs or Rule 10b5-1 plans. The following summarizes the stock repurchases under the 2015 stock repurchase program.

2015 stock repurchase program agreement

In November 2015, under the 2015 stock repurchase program, Ashland announced that it entered into an accelerated share repurchase agreement (2016 ASR Agreement) with Goldman, Sachs & Co. Under the 2016 ASR Agreement, Ashland paid an initial purchase price of $500 million and received an initial delivery of approximately 3.9 million shares of common stock during November 2015. In February 2016, Goldman, Sachs & Co. exercised their early termination option under the 2016 ASR Agreement and the pricing period was closed. The settlement price, which represents the weighted average price of Ashland's common stock over the pricing period less a discount, was $99.01 per share. Based on this settlement price, the final number of shares repurchased by Ashland that were delivered by Goldman, Sachs & Co. under the 2016 ASR Agreement was 5.1 million shares. Ashland received the additional 1.2 million shares during the March 2016 quarter to settle the difference between the initial share delivery and the total number of shares repurchased. After the 2016 ASR Agreement, $500 million of share repurchase authorization remains under the 2015 stock repurchase program.

Stockholder dividends

Ashland dividends

In May 2015, the Board of Directors of Ashland announced a quarterly cash dividend increase to 39 cents per share to eligible shareholders of record. This amount was paid for quarterly dividends in the first and second quarters of fiscal 2017 and each quarter of fiscal 2016.

Valvoline dividends

In November 2016, the Board of Directors of Valvoline Inc. announced a quarterly cash dividend of 4.9 cents per share to eligible shareholders of record. This was Valvoline Inc.'s first dividend declaration and was paid for quarterly dividends during the first and second quarters of fiscal 2017. Since Ashland owns approximately 83% of Valvoline Inc., the net cash outflow of $4 million was payments made to the remaining 17% of shareholders outstanding and is included within the Statements of Condensed Consolidated Cash Flows for the six months ended March 31, 2017.

Accumulated other comprehensive income (loss)

Components of other comprehensive income (loss) recorded in the Statements of Consolidated Comprehensive Income are presented below, before tax and net of tax effects.

NOTE M – EQUITY ITEMS (continued)

(In millions)	2017 Before tax	2017 Tax (expense) benefit	2017 Net of tax	2016 Before tax	2016 Tax (expense) benefit	2016 Net of tax
Three months ended March 31						
Other comprehensive income (loss)						
Unrealized translation gain	$ 58	$ 2	$ 60	$ 80	$ —	$ 80
Pension and postretirement obligation adjustment:						
Adjustment of unrecognized prior service credit	—	—	—	86	(31)	55
Amortization of unrecognized prior service credits included in net income (a)	(3)	1	(2)	(45)	14	(31)
Net change in available-for-sale securities:						
Unrealized gain during period	9	(2)	7	5	(2)	3
Reclassification adjustment for gains included in net income	(2)	1	(1)	—	—	—
Total other comprehensive income	$ 62	$ 2	$ 64	$ 126	$ (19)	$ 107
Six months ended March 31						
Other comprehensive income (loss)						
Unrealized translation gain (loss)	$ (92)	$ 6	$ (86)	$ 17	$ 2	$ 19
Pension and postretirement obligation adjustment:						
Adjustment of unrecognized prior service credit	—	—	—	86	(31)	55
Amortization of unrecognized prior service credits included in net income (a)	(6)	2	(4)	(49)	15	(34)
Net change in available-for-sale securities:						
Unrealized gain during period	9	(2)	7	14	(5)	9
Reclassification adjustment for gains included in net income	(2)	1	(1)	—	—	—
Total other comprehensive income (loss)	$ (91)	$ 7	$ (84)	$ 68	$ (19)	$ 49

(a) Amortization of unrecognized prior service credits are included in the calculation of net periodic benefit costs (income) for pension and other postretirement plans. For specific financial statement captions impacted by the amortization see the table below.

As discussed in the table above, certain pension and postretirement costs (income) are amortized from accumulated other comprehensive income (loss) and recognized in net income. The captions on the Statements of Consolidated Comprehensive Income impacted by the amortization of unrecognized prior service credits for pension and other postretirement plans are disclosed within. During the three and six months ended March 31, 2016, the amortization of unrecognized prior service credits included the impact of the pension and other postretirement plan remeasurements of $40 million. See Note J for more information.

(In millions)	Three months ended March 31 2017	Three months ended March 31 2016	Six months ended March 31 2017	Six months ended March 31 2016
Cost of sales	$ (1)	$ (18)	$ (2)	$ (20)
Selling, general and administrative expense	(2)	(27)	(4)	(29)
Total amortization of unrecognized prior service credits	$ (3)	$ (45)	$ (6)	$ (49)

NOTE N - STOCK INCENTIVE PLANS

Ashland has stock incentive plans under which key employees or directors are granted stock-settled SARs, performance share awards or nonvested stock awards. Each program is typically a long-term incentive plan designed to link employee compensation with increased shareholder value or reward superior performance and encourage continued employment with Ashland. Ashland recognizes compensation expense for the grant date fair value of stock-based awards over the applicable vesting period within the selling, general and administrative expense caption of the Statements of Consolidated Comprehensive Income. Stock-based compensation expense was $8 million for each of the three months ended March 31, 2017 and 2016, and $17 million and $18 million for the six months ended March 31, 2017 and 2016, respectively. Stock-based compensation expense during the three months ended March 31, 2017 included cash-settled nonvested stock awards expense of $2 million and cash-settled performance units expense of $1 million**.** Stock-based compensation expense during the six months ended March 31, 2017 included cash-settled nonvested stock awards expense of $3 million and cash-settled performance units expense of $2 million, while the six months ended March 31, 2016 included $1 million of expense for cash-settled nonvested stock awards.

SARs

SARs are granted to employees or directors at a price equal to the fair market value of the stock on the date of grant and typically become exercisable over periods of one to three years. Unexercised SARs lapse ten years and one month after the date of grant. No SARS were granted for the three months ended March 31, 2017 and 2016. SARs granted for the six months ended March 31, 2017 and 2016 were 0.4 million. As of March 31, 2017, there was $12 million of total unrecognized compensation costs related to SARs. That cost is expected to be recognized over a weighted-average period of 2.1 years. Ashland estimates the fair value of SARs granted using the Black-Scholes option-pricing model. This model requires several assumptions, which Ashland has developed and updates based on historical trends and current market observations. The accuracy of these assumptions is critical to the estimate of fair value for these equity instruments.

Nonvested stock awards

Nonvested stock awards are granted to employees or directors at a price equal to the fair market value of the stock on the date of grant and generally vest over a one-to-five-year period. However, such shares or units are subject to forfeiture upon termination of service before the vesting period ends. During 2016 and 2017, these awards were primarily granted as stock units that will convert to shares upon vesting, while the grants in prior years were generally made in shares. Only nonvested stock awards granted in the form of shares entitle employees or directors to vote the shares. Dividends on nonvested stock awards granted are in the form of additional units or shares of nonvested stock awards, which are subject to vesting and forfeiture provisions. Nonvested stock awards granted were 2,890 and 6,100 for the three months ended March 31, 2017 and 2016, respectively. Nonvested stock awards granted were 83,690 and 92,950 for the six months ended March 31, 2017 and 2016, respectively. As of March 31, 2017, there was $12 million of total unrecognized compensation costs related to nonvested stock awards. That cost is expected to be recognized over a weighted-average period of 1.7 years.

Cash-settled nonvested stock awards

Certain nonvested stock awards are granted to employees and are settled in cash upon vesting. As of March 31, 2017, 95,000 cash-settled nonvested stock awards were outstanding. The value of these cash-settled nonvested stock awards changes in connection with changes in the fair market value of the Ashland Common Stock. These awards generally vest over a period of three years. The expense recognized related to cash-settled nonvested stock awards was $2 million and $3 million during the three and six months ended March 31, 2017, respectively, and $1 million during the six months ended March 31, 2016.

NOTE N – STOCK INCENTIVE PLANS (continued)

Performance awards

Ashland sponsors a long-term incentive plan that awards performance shares/units to certain key employees that are primarily tied to Ashland's overall financial performance relative to internal targets. Additionally, certain outstanding performance awards are tied to Ashland's overall financial performance relative to the financial performance of selected industry peer groups. Awards are granted annually, with each award covering a three-year vesting period.

For awards granted in prior years, each performance share/unit is convertible to one share of Ashland Common Stock. These plans are recorded as a component of stockholders' equity in the Condensed Consolidated Balance Sheets. Performance measures used to determine the actual number of performance shares issuable upon vesting include an equal weighting of Ashland's total shareholder return (TSR) performance and Ashland's return on investment (ROI) performance as compared to the internal targets. TSR relative to peers is considered a market condition while ROI is considered a performance condition under applicable U.S. GAAP.

For awards granted in the current year, upon vesting, each performance unit will be settled in cash based on the fair market value of Ashland or Valvoline common stock. For these awards, dependent upon whether the participant is an employee of Ashland or Valvoline, the performance measure used to determine the actual number of performance units issuable upon vesting is the financial performance of Ashland or Valvoline compared to award targets. The financial performance award metric is considered a performance condition under applicable U.S. GAAP. Additionally, the actual number of performance units issuable upon vesting can be potentially increased or decreased based on a TSR performance modifier relative to peers for Ashland and Valvoline.

Nonvested performance shares/units do not entitle employees to vote the shares or to receive any dividends thereon. No performance shares/units were granted during the three months ended March 31, 2017 and 2016. Performance shares/units granted for the six months ended March 31, 2017 and 2016 were 0.1 million, respectively. As of March 31, 2017, there was $12 million of total unrecognized compensation costs related to performance shares/units. That cost is expected to be recognized over a weighted-average period of 2.0 years.

Other commitments

Executive performance incentive and retention program

During 2016, certain executives were granted 260 thousand performance-based restricted shares of Ashland in order to provide an incentive to remain employed in the period after the full separation. At March 31, 2017, total nonvested shares outstanding, assuming vesting at the 100% performance level, are 238 thousand shares, which includes forfeitures and the cumulative value of forfeitable dividends.

The expense associated with these awards is contingent upon the completion of the full separation and therefore will not be recorded until the full and complete separation occurs. Based on the price of Ashland's common stock on the grant date, the total estimated unrecognized compensation expense is $13 million assuming the performance mid-point target is met. At that time, the awards will be recognized ratably over the remaining vesting period.

NOTE O – REPORTABLE SEGMENT INFORMATION

Ashland determines its reportable segments based on how operations are managed internally for the products and services sold to customers, including how the results are reviewed by the chief operating decision maker, which includes determining resource allocation methodologies used for reportable segments. Operating income is the primary measure reviewed by the chief operating decision maker in assessing each reportable segment's

NOTE O – REPORTABLE SEGMENT INFORMATION (continued)

financial performance. Ashland does not aggregate operating segments to arrive at these reportable segments. Ashland's businesses are managed within three reportable segments: Specialty Ingredients, Performance Materials and Valvoline.

Reportable segment business descriptions

Specialty Ingredients is a global leader in cellulose ethers, vinyl pyrrolidones and biofunctionals. It offers industry-leading products, technologies and resources for solving formulation and product-performance challenges. Specialty Ingredients uses natural, synthetic and semisynthetic polymers derived from cellulose ethers, vinyl pyrrolidones, acrylic polymers, polyester and polyurethane-based adhesives, and plant and seed extract. Specialty Ingredients includes two divisions, Consumer Specialties and Industrial Specialties, that offer comprehensive and innovative solutions for today's demanding consumer and industrial applications. Key customers include: pharmaceutical companies; makers of personal care products, food and beverages; manufacturers of paint, coatings and construction materials; packaging and converting; and oilfield service companies.

Performance Materials is a global leader in unsaturated polyester resins and vinyl ester resins. The business unit has leading positions in gelcoats, maleic anhydride, butanediol, tetrahydrofuran, N-Methylpyrrolidone and other intermediates and solvents. Key customers include: manufacturers of residential and commercial building products; industrial product specifiers and manufacturers; wind blade and pipe manufacturers; automotive and truck OEM suppliers; boatbuilders; engineered plastics and electronic producers; and specialty chemical manufacturers.

Valvoline is a leading worldwide producer and distributor of premium-branded automotive, commercial and industrial lubricants, and automotive chemicals. In 2016, it ranked as the #2 quick-lube chain by number of stores and #3 passenger car motor oil in the DIY market by volume brand in the United States. The brand operates and franchises 1,108 Valvoline Instant Oil Change℠ centers in the United States. It also markets Valvoline™ lubricants and automotive chemicals; MaxLife™ lubricants created for higher-mileage engines; SynPower™ synthetic motor oil; and Zerex™ antifreeze. Key customers include: retail auto parts stores and mass merchandisers who sell to consumers; installers, such as car dealers, repair shops and quick lubes; commercial fleets; and distributors. During January 2017, Valvoline completed the acquisition of Time-It Lube resulting in the addition of 28 quick-lube stores. During February 2016, Ashland completed the acquisition of Oil Can Henry's resulting in the addition of 89 quick-lube stores. See Note B for more information on the acquisitions of Time-It Lube and Oil Can Henry's.

During 2015, Ashland announced a plan to separate Valvoline into an independent, publicly traded company. On September 22, 2016, Ashland and Valvoline Inc. announced an IPO of Valvoline Inc.'s common stock and closed the IPO on September 28, 2016. As a result of the IPO, Ashland maintains an approximately 83% ownership interest in Valvoline Inc. as of September 30, 2016. See Note B for additional information. The financial information within this footnote is reflective of the manner in which Ashland manages the Valvoline reportable segment and the Valvoline reportable segment does not include any assets or liabilities transferred to Valvoline Inc. by Ashland in September 2016. Valvoline's financial position and results of operations as reported as a segment of Ashland may be different than how they are reported on a stand-alone basis.

Unallocated and Other generally includes items such as components of pension and other postretirement benefit plan expenses (excluding service costs, which are allocated to the reportable segments), certain significant company-wide restructuring activities, including internal separation costs, and legacy costs or adjustments that relate to divested businesses that are no longer operated by Ashland.

NOTE O – REPORTABLE SEGMENT INFORMATION (continued)

Reportable segment results

Results of Ashland's reportable segments are presented based on its management structure and internal accounting practices. The structure and practices are specific to Ashland; therefore, the financial results of Ashland's reportable segments are not necessarily comparable with similar information for other comparable companies. Ashland allocates all costs to its reportable segments except for certain significant company-wide restructuring activities, such as the restructuring plans, and other costs or adjustments that relate to former businesses that Ashland no longer operates. The service cost component of pension and other postretirement benefits costs is allocated to each reportable segment on a ratable basis; while the remaining components of pension and other postretirement benefits costs are recorded to Unallocated and other. Ashland refines its expense allocation methodologies to the reportable segments from time to time as internal accounting practices are improved, more refined information becomes available and the industry or market changes. Revisions to Ashland's methodologies that are deemed insignificant are applied on a prospective basis.

The following table presents various financial information for each reportable segment for the three and six months ended March 31, 2017 and 2016.

	Three months ended March 31		Six months ended March 31	
(In millions - unaudited)	2017	2016	2017	2016
SALES				
Specialty Ingredients	$ 544	$ 529	$ 1,026	$ 1,004
Performance Materials	262	239	484	470
Valvoline	514	479	1,003	936
	$ 1,320	$ 1,247	$ 2,513	$ 2,410
OPERATING INCOME (LOSS)				
Specialty Ingredients	$ 74	$ 65	$ 114	$ 103
Performance Materials	10	20	18	43
Valvoline	106	105	205	197
Unallocated and other	(20)	(43)	(30)	(45)
	$ 170	$ 147	$ 307	$ 298

NOTE P – SUPPLEMENTAL GUARANTOR INFORMATION

The following tables present condensed consolidating financial information for (a) Ashland Global Holdings Inc. (for purposes of this discussion and table, Parent Guarantor); (b) Ashland LLC (formerly Ashland Inc.), the issuer of the 3.875% notes due 2018, 4.750% notes due 2022 and 6.875% notes due 2043 (collectively referred to as the Senior Notes) (the Issuer); and (c) all other non-guarantor subsidiaries of the Parent Guarantor on a combined basis, none of which guaranteed the Senior Notes (the Other Non-Guarantor Subsidiaries).

Ashland Global Holdings Inc. was incorporated on May 6, 2016 as a direct wholly owned subsidiary of Ashland Inc. (now Ashland LLC) to reincorporate in Delaware and to help facilitate the separation of the Valvoline business from the specialty chemical businesses. As a result of the Reorganization, Ashland Global Holdings Inc. replaced Ashland Inc. as the publicly held corporation, and Ashland Inc. was converted to a Kentucky limited liability company and is now an indirect, wholly owned subsidiary of Ashland Global Holdings Inc. Ashland Global Holdings Inc. fully and unconditionally guaranteed the Senior Notes and has no significant independent assets or operations. For periods prior to September 30, 2016, the parent entity was Ashland LLC (formerly Ashland Inc.).

NOTE P – SUPPLEMENTAL GUARANTOR INFORMATION (continued)

Ashland presents all investments in subsidiaries in the supplemental guarantor information using the equity method of accounting. Therefore, the net income (loss) of the subsidiaries accounted for using the equity method is in their parents' investment accounts. For each financial statement period presented within the following tables, Ashland Global Holdings Inc.'s activity reflects the accounting for investments in subsidiaries under the equity method reflective of the 2016 Reorganization and resulting presentation. The elimination entries within the tables primarily eliminate investments in subsidiaries and inter-company balances and transactions. The total net effect of the settlement of these inter-company transactions is reflected in the Condensed Statements of Cash Flows as a financing activity. The following supplemental condensed consolidating financial statements present information about Ashland Global Holdings Inc., Ashland LLC and other non-guarantor subsidiaries.

Condensed Statements of Comprehensive Income

Three months ended March 31, 2017

(In millions)	Ashland Global Holdings Inc. (Parent Guarantor)	Ashland LLC (Issuer)	Other Non-Guarantor Subsidiaries	Eliminations	Consolidated
Sales	$ —	$ 157	$ 1,172	$ (9)	$ 1,320
Cost of sales	—	113	783	(9)	887
Gross profit	—	44	389	—	433
Selling, general and administrative expense	6	38	201	—	245
Research and development expense	—	4	20	—	24
Equity and other income (loss)	—	(15)	21	—	6
Operating income (loss)	(6)	(13)	189	—	170
Net interest and other financing expense	—	30	8	—	38
Income (loss) from continuing operations before income taxes	(6)	(43)	181	—	132
Income tax expense	—	2	28	—	30
Equity in net income (loss) of subsidiaries	98	76	—	(174)	—
Income (loss) from continuing operations	92	31	153	(174)	102
Income (loss) from discontinued operations (net of tax)	—	4	(1)	—	3
Net income (loss)	92	35	152	(174)	105
Net income attributable to noncontrolling interest	—	—	13	—	13
Net income (loss) attributable to Ashland	$ 92	$ 35	$ 139	$ (174)	$ 92
Comprehensive income (loss)	169	198	53	(251)	169
Comprehensive income attributable to noncontrolling interest	14	—	14	(14)	14
Comprehensive income (loss) attributable to Ashland	$ 155	$ 198	$ 39	$ (237)	$ 155

NOTE P – SUPPLEMENTAL GUARANTOR INFORMATION (continued)

Condensed Statements of Comprehensive Income

Three months ended March 31, 2016

(In millions)	Ashland Global Holdings Inc. (Parent Guarantor)	Ashland LLC (Issuer)	Other Non-Guarantor Subsidiaries	Eliminations	Consolidated
Sales	$ —	$ 165	$ 1,088	$ (6)	$ 1,247
Cost of sales	—	117	712	(6)	823
Gross profit	—	48	376	—	424
Selling, general and administrative expense	—	60	198	—	258
Research and development expense	—	4	21	—	25
Equity and other income (loss)	—	(4)	10	—	6
Operating income (loss)	—	(20)	167	—	147
Net interest and other financing expense	—	40	3	—	43
Net loss on divestitures	—	(2)	—	—	(2)
Income (loss) from continuing operations					
before income taxes	—	(62)	164	—	102
Income tax expense (benefit)	—	(35)	50	—	15
Equity in net income (loss) of subsidiaries	87	(32)	—	(55)	—
Income (loss) from continuing operations	87	(59)	114	(55)	87
Income (loss) from discontinued					
operations (net of tax)	—	1	(1)	—	—
Net income (loss)	$ 87	$ (58)	$ 113	$ (55)	$ 87
Comprehensive income (loss)	$ 194	$ (35)	$ 197	$ (162)	$ 194

NOTE P – SUPPLEMENTAL GUARANTOR INFORMATION (continued)

Condensed Statements of Comprehensive Income

Six months ended March 31, 2017

(In millions)	Ashland Global Holdings Inc. (Parent Guarantor)	Ashland LLC (Issuer)	Other Non-Guarantor Subsidiaries	Eliminations	Consolidated
Sales	$ —	$ 294	$ 2,237	$ (18)	$ 2,513
Cost of sales	—	209	1,502	(17)	1,694
Gross profit	—	85	735	(1)	819
Selling, general and administrative expense	14	70	399	—	483
Research and development expense	—	7	40	—	47
Equity and other income (loss)	—	(30)	48	—	18
Operating income (loss)	(14)	(22)	344	(1)	307
Net interest and other financing expense	—	64	106	—	170
Net loss on divestitures	—	(1)	—	—	(1)
Income (loss) from continuing operations before income taxes	(14)	(87)	238	(1)	136
Income tax expense	—	7	17	—	24
Equity in net income (loss) of subsidiaries	105	77	—	(182)	—
Income (loss) from continuing operations	91	(17)	221	(183)	112
Income (loss) from discontinued operations (net of tax)	—	4	(1)	—	3
Net income (loss)	91	(13)	220	(183)	115
Net income attributable to noncontrolling interest	—	—	24	—	24
Net income (loss) attributable to Ashland	$ 91	$ (13)	$ 196	$ (183)	$ 91
Comprehensive income (loss)	31	157	(34)	(123)	31
Comprehensive income attributable to noncontrolling interest	24	—	24	(24)	24
Comprehensive income (loss) attributable to Ashland	$ 7	$ 157	$ (58)	$ (99)	$ 7

NOTE P – SUPPLEMENTAL GUARANTOR INFORMATION (continued)

Condensed Statements of Comprehensive Income

Six months ended March 31, 2016

(In millions)	Ashland Global Holdings Inc. (Parent Guarantor)	Ashland LLC (Issuer)	Other Non-Guarantor Subsidiaries	Eliminations	Consolidated
Sales	$ —	$ 321	$ 2,102	$ (13)	$ 2,410
Cost of sales	—	219	1,388	(12)	1,595
Gross profit	—	102	714	(1)	815
Selling, general and administrative expense	—	92	391	—	483
Research and development expense	—	7	42	—	49
Equity and other income (loss)	—	(6)	21	—	15
Operating income (loss)	—	(3)	302	(1)	298
Net interest and other financing expense	—	78	7	—	85
Net gain (loss) on divestitures	—	(1)	1	—	—
Income (loss) from continuing operations before income taxes	—	(82)	296	(1)	213
Income tax expense (benefit)	—	(62)	97	—	35
Equity in net income (loss) of subsidiaries	176	63	—	(239)	—
Income (loss) from continuing operations	176	43	199	(240)	178
Loss from discontinued operations (net of tax)	—	—	(2)	—	(2)
Net income (loss)	$ 176	$ 43	$ 197	$ (240)	$ 176
Comprehensive income (loss)	$ 225	$ 65	$ 224	$ (289)	$ 225

NOTE P – SUPPLEMENTAL GUARANTOR INFORMATION (continued)

Condensed Balance Sheets

At March 31, 2017

(In millions)	Ashland Global Holdings Inc. (Parent Guarantor)	Ashland LLC (Issuer)	Other Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Current assets					
Cash and cash equivalents	$ —	$ 108	$ 497	$ —	$ 605
Accounts receivable	—	17	955	—	972
Inventories	—	47	640	—	687
Other assets	—	6	110	(3)	113
Total current assets	—	178	2,202	(3)	2,377
Noncurrent assets					
Property, plant and equipment, net	—	240	1,965	—	2,205
Goodwill	—	141	2,272	—	2,413
Intangibles	—	34	983	—	1,017
Restricted investments	—	—	298	—	298
Asbestos insurance receivable	—	130	63	—	193
Equity and other unconsolidated investments	—	2	59	—	61
Investment in subsidiaries	3,195	7,635	—	(10,830)	—
Deferred income taxes	31	96	199	(127)	199
Intercompany receivables	—	13	2,517	(2,530)	—
Other assets	—	256	167	—	423
Total noncurrent assets	3,226	8,547	8,523	(13,487)	6,809
Total assets	$ 3,226	$ 8,725	$ 10,725	$ (13,490)	$ 9,186
LIABILITIES AND EQUITY					
Current liabilities					
Short-term debt	$ —	$ —	$ 95	$ —	$ 95
Current portion of long-term debt	—	—	16	—	16
Accounts payable and other accrued liabilities	64	214	651	(3)	926
Total current liabilities	64	214	762	(3)	1,037
Noncurrent liabilities					
Long-term debt	—	2,103	709	—	2,812
Employee benefit obligations	—	38	979	—	1,017
Asbestos litigation reserve	—	363	300	—	663
Deferred income taxes	—	—	196	(127)	69
Intercompany payables	19	2,498	13	(2,530)	—
Other liabilities	—	224	221	—	445
Total noncurrent liabilities	19	5,226	2,418	(2,657)	5,006
Equity					
Total Ashland stockholders' equity	3,143	3,285	7,702	(10,830)	3,300
Noncontrolling interest	—	—	(157)	—	(157)
Total equity	3,143	3,285	7,545	(10,830)	3,143
Total liabilities and equity	$ 3,226	$ 8,725	$ 10,725	$ (13,490)	$ 9,186

NOTE P – SUPPLEMENTAL GUARANTOR INFORMATION (continued)

Condensed Balance Sheets

At September 30, 2016

(In millions)	Ashland Global Holdings Inc. (Parent Guarantor)	Ashland LLC (Issuer)	Other Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Current assets					
Cash and cash equivalents	$ —	$ 76	$ 1,112	$ —	$ 1,188
Accounts receivable	—	18	876	—	894
Inventories	—	42	629	—	671
Other assets	7	16	98	(8)	113
Total current assets	7	152	2,715	(8)	2,866
Noncurrent assets					
Property, plant and equipment, net	—	246	1,978	—	2,224
Goodwill	—	141	2,260	—	2,401
Intangibles	—	35	1,029	—	1,064
Restricted investments	—	—	292	—	292
Asbestos insurance receivable	—	133	63	—	196
Equity and other unconsolidated investments	—	2	55	—	57
Investment in subsidiaries	3,127	7,597	—	(10,724)	—
Deferred income taxes	31	97	146	(97)	177
Intercompany receivables	—	5	2,264	(2,269)	—
Other assets	—	253	167	—	420
Total noncurrent assets	3,158	8,509	8,254	(13,090)	6,831
Total assets	$ 3,165	$ 8,661	$ 10,969	$ (13,098)	$ 9,697
LIABILITIES AND EQUITY					
Current liabilities					
Short-term debt	$ —	$ —	$ 170	$ —	$ 170
Current portion of long-term debt	—	—	19	—	19
Accounts payable and other accrued liabilities	—	244	791	(8)	1,027
Total current liabilities	—	244	980	(8)	1,216
Noncurrent liabilities					
Long-term debt	—	2,182	873	—	3,055
Employee benefit obligations	—	44	1,036	—	1,080
Asbestos litigation reserve	—	381	305	—	686
Deferred income taxes	—	—	166	(97)	69
Intercompany payables	—	2,264	5	(2,269)	—
Other liabilities	—	220	206	—	426
Total noncurrent liabilities	—	5,091	2,591	(2,366)	5,316
Equity					
Total Ashland stockholders' equity	3,165	3,326	7,580	(10,724)	3,347
Noncontrolling interest	—	—	(182)	—	(182)
Total equity	3,165	3,326	7,398	(10,724)	3,165
Total liabilities and equity	$ 3,165	$ 8,661	$ 10,969	$ (13,098)	$ 9,697

NOTE P – SUPPLEMENTAL GUARANTOR INFORMATION (continued)

Condensed Statements of Cash Flows

Six months ended March 31, 2017

(In millions)	Ashland Global Holdings Inc. (Parent Guarantor)	Ashland LLC (Issuer)	Other Non-Guarantor Subsidiaries	Eliminations	Consolidated
Total cash flows provided (used) by operating activities from continuing operations	$ —	$ (109)	$ 171	$ —	$ 62
Cash flows provided (used) by investing activities from continuing operations					
Additions to property, plant and equipment	—	(10)	(94)	—	(104)
Purchase of operations - net of cash acquired	—	—	(48)	—	(48)
Intercompany dividends	17	17	—	(34)	—
Net purchases of funds restricted for specific transactions	—	(2)	—	—	(2)
Reimbursements from restricted investments	—	12	—	—	12
Proceeds from sales of available-for-sale securities	—	—	19	—	19
Purchases of available-for-sale securities	—	—	(19)	—	(19)
Other investing activities, net	—	1	—	—	1
Total cash flows provided (used) by investing activities from continuing operations	17	18	(142)	(34)	(141)
Cash flows provided (used) by financing activities from continuing operations					
Repayment of long-term debt	—	(80)	(257)	—	(337)
Premium on long-term debt repayment	—	(1)	(4)	—	(5)
Repayment from short-term debt	—	—	(75)	—	(75)
Cash dividends paid	(48)	—	—	—	(48)
Distributions to noncontrolling interest	—	—	(4)	—	(4)
Intercompany dividends	(17)	—	(17)	34	—
Other intercompany activity, net	48	226	(274)	—	—
Other financing activities, net	—	(6)	—	—	(6)
Total cash flows provided (used) by financing activities from continuing operations	(17)	139	(631)	34	(475)
Cash provided (used) by continuing operations	—	48	(602)	—	(554)
Cash used by discontinued operations					
Operating cash flows	—	(16)	(5)	—	(21)
Investing cash flows	—	—	—	—	—
Total cash used by discontinued operations	—	(16)	(5)	—	(21)
Effect of currency exchange rate changes on cash and cash equivalents	—	—	(8)	—	(8)
Increase (decrease) in cash and cash equivalents	—	32	(615)	—	(583)
Cash and cash equivalents - beginning of period	—	76	1,112	—	1,188
Cash and cash equivalents - end of period	$ —	$ 108	$ 497	$ —	$ 605

NOTE P – SUPPLEMENTAL GUARANTOR INFORMATION (continued)

Condensed Statements of Cash Flows

Six months ended March 31, 2016

(In millions)	Ashland Global Holdings Inc. (Parent Guarantor)	Ashland LLC (Issuer)	Other Non-Guarantor Subsidiaries	Eliminations	Consolidated
Total cash flows provided (used) by operating activities from continuing operations	$ —	$ (121)	$ 371	$ —	$ 250
Cash flows provided (used) by investing activities from continuing operations					
Additions to property, plant and equipment	—	(7)	(96)	—	(103)
Purchase of operations - net of cash acquired	—	—	(66)	—	(66)
Proceeds from sale of operations or equity investments	—	—	12	—	12
Reimbursements from restricted investments	—	23	—	—	23
Proceeds from sales of available-for-sale securities	—	—	4	—	4
Purchases of available-for-sale securities	—	—	(4)	—	(4)
Other investing activities, net	—	5	5	—	10
Total cash flows provided (used) by investing activities from continuing operations	—	21	(145)	—	(124)
Cash flows provided (used) by financing activities from continuing operations					
Repayment of long-term debt	—	(27)	(9)	—	(36)
Proceeds (repayment) from short-term debt	—	439	(71)	—	368
Repurchase of common stock	—	(500)	—	—	(500)
Cash dividends paid	—	(48)	—	—	(48)
Other intercompany activity, net	—	238	(238)	—	—
Other financing activities, net	—	(1)	—	—	(1)
Total cash flows provided (used) by financing activities from continuing operations	—	101	(318)	—	(217)
Cash provided (used) by continuing operations	—	1	(92)	—	(91)
Cash used by discontinued operations					
Operating cash flows	—	(11)	(8)	—	(19)
Investing cash flows	—	—	—	—	—
Total cash used by discontinued operations	—	(11)	(8)	—	(19)
Effect of currency exchange rate changes on cash and cash equivalents	—	—	(11)	—	(11)
Decrease in cash and cash equivalents	—	(10)	(111)	—	(121)
Cash and cash equivalents - beginning of period	—	21	1,236	—	1,257
Cash and cash equivalents - end of period	$ —	$ 11	$ 1,125	$ —	$ 1,136

NOTE Q – SUBSEQUENT EVENT

On April 14, 2017, Ashland entered into a definitive agreement to acquire privately owned Pharmachem Laboratories, Inc., a leading provider of quality ingredients to the global health and wellness industries and high-value differentiated products to fragrance and flavor houses. Under terms of the stock purchase agreement, Ashland will pay $660 million in an all-cash transaction that is expected to be completed before the end of the June 2017 quarter. The acquisition, which is subject to customary closing conditions and required regulatory approvals, will be funded with bank financing and available cash.

FORWARD-LOOKING STATEMENTS

This Form 10-Q contains forward-looking statements including, without limitation, statements made under the caption “Management’s Discussion and Analysis of Financial Condition and Results of Operation” (MD&A), within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. Ashland has identified some of these forward-looking statements with words such as “anticipates,” “believes,” “expects,” “estimates,” “is likely,” “predicts,” “projects,” “forecasts,” “objectives,” “may,” “will,” “should,” “plans” and “intends” and the negative of these words or other comparable terminology. These forward-looking statements include statements relating to Ashland’s plan to drive profitable growth and the expected completion of the final separation of Valvoline Inc. (“Valvoline”) through the distribution of Valvoline common stock and statements relating to our expectation that the proposed acquisition of Pharmachem Laboratories, Inc. (Pharmachem) will be completed before the end of the June quarter. In addition, Ashland may from time to time make forward-looking statements in its annual reports, quarterly reports and other filings with the Securities and Exchange Commission (SEC), news releases and other written and oral communications. These forward-looking statements are based on Ashland’s expectations and assumptions, as of the date such statements are made, regarding Ashland’s future operating performance and financial condition, the expected completion of the final separation, the strategic and competitive advantages of each company, and future opportunities for each company, as well as the economy and other future events or circumstances. Ashland’s expectations and assumptions include, without limitation, those mentioned within the MD&A, internal forecasts and analyses of current and future market conditions and trends, management plans and strategies, operating efficiencies and economic conditions (such as prices, supply and demand, cost of raw materials, and the ability to recover raw-material cost increases through price increases), and risks and uncertainties associated with the following: the possibility that the final separation will not be consummated within the anticipated time period or at all, including as the result of regulatory, market or other factors; the potential that Ashland does not realize all of the expected benefits of the separation; Ashland’s substantial indebtedness (including the possibility that such indebtedness and related restrictive covenants may adversely affect Ashland’s future cash flows, results of operations, financial condition and its ability to repay debt); the impact of acquisitions and/or divestitures Ashland has made or may make, including the proposed acquisition of Pharmachem (including the possibility that Ashland may not complete the proposed acquisition of Pharamchem or Ashland may not realize the anticipated benefits from such transactions); and severe weather, natural disasters, and legal proceedings and claims (including environmental and asbestos matters). Various risks and uncertainties may cause actual results to differ materially from those stated, projected or implied by any forward-looking statements, including, without limitation, risks and uncertainties affecting Ashland that are contained in “Use of estimates, risks and uncertainties” in Note A of Notes to Consolidated Financial Statements and in Item 1A in its most recent Form 10-K filed with the SEC, which is available on Ashland’s website at http://investor.ashland.com or on the SEC’s website at http://www.sec.gov. Ashland believes its expectations and assumptions are reasonable, but there can be no assurance that the expectations reflected herein will be achieved. Unless legally required, Ashland undertakes no obligation to update any forward-looking statements made in this Form 10-Q whether as a result of new information, future events or otherwise. Information on Ashland’s website is not incorporated into or a part of this Form 10-Q.

ASHLAND GLOBAL HOLDINGS INC. AND CONSOLIDATED SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion should be read in conjunction with the Condensed Consolidated Financial Statements and the accompanying Notes to Condensed Consolidated Financial Statements herein. As Ashland Global Holdings Inc. is the successor to Ashland Inc., the information set forth refers to Ashland Inc. for the periods prior to September 30, 2016 and to Ashland Global Holdings Inc. on and after September 30, 2016.

BUSINESS OVERVIEW

Ashland profile

Ashland is a premier global leader in providing specialty chemical solutions to customers in a wide range of consumer and industrial markets, including adhesives, architectural coatings, automotive, construction, energy, food and beverage, personal care and pharmaceutical. Ashland also maintains a controlling interest in Valvoline Inc., a premium consumer-branded lubricant supplier. With approximately 11,000 employees worldwide (including approximately 5,000 employees of Valvoline), Ashland serves customers in more than 100 countries.

Ashland's sales generated outside of North America were 46% and 47% for the six months ended March 31, 2017 and 2016, respectively. Sales by region expressed as a percentage of total consolidated sales for the three and six months ended March 31 were as follows:

	Three months ended March 31		Six months ended March 31	
Sales by Geography	2017	2016	2017	2016
North America (a)	54%	53%	54%	53%
Europe	23%	24%	22%	24%
Asia Pacific	16%	16%	17%	16%
Latin America & other	7%	7%	7%	7%
	100%	100%	100%	100%

(a) Ashland includes only U.S. and Canada in its North America designation.

Reportable segments

Ashland's reporting structure is composed of three reportable segments: Ashland Specialty Ingredients (Specialty Ingredients), Ashland Performance Materials (Performance Materials) and Valvoline. The term Valvoline as used herein, depending on context, refers to either Valvoline Inc. or Valvoline as a reportable segment of Ashland. For further descriptions of each reportable segment, see "Results of Operations – Reportable Segment Review" beginning on page 58.

The contribution to sales by each reportable segment expressed as a percentage of total consolidated sales for the three and six months ended March 31 were as follows:

	Three months ended March 31		Six months ended March 31	
Sales by Reportable Segment	2017	2016	2017	2016
Specialty Ingredients	41%	43%	41%	42%
Performance Materials	20%	19%	19%	19%
Valvoline	39%	38%	40%	39%
	100%	100%	100%	100%

KEY DEVELOPMENTS

The following recent transactions and operational decisions had an impact on Ashland’s current and future cash flows, results of operations and financial position.

Ashland Separation of Valvoline

On September 22, 2015, Ashland announced that the Board of Directors approved proceeding with a plan to separate Ashland into two independent, publicly traded companies comprising of the new Ashland (now known as Ashland Global Holdings Inc.) and Valvoline Inc. The initial step of the separation, the initial public offering (IPO) of Valvoline Inc., closed on September 28, 2016. The new Ashland is a premier global leader in providing specialty chemical solutions to customers in a wide range of consumer and industrial markets. These markets are currently served by Specialty Ingredients and Performance Materials. Key markets and applications include pharmaceutical, personal care, food and beverage, architectural coatings, adhesives, automotive, construction and energy. Valvoline Inc., a controlled subsidiary, operates on a stand-alone basis as a premium consumer-branded lubricant supplier.

After completing the IPO on September 28, 2016, Ashland owns 170 million shares of Valvoline Inc.’s common stock, representing approximately 83% of the total outstanding shares of Valvoline Inc.’s common stock. The resulting outside stockholders’ interests in Valvoline Inc., which was approximately 17% as of March 31, 2017 and September 30, 2016, are presented separately as a noncontrolling interest within Ashland’s equity in the Condensed Consolidated Balance Sheets. As of March 31, 2017 and September 30, 2016, the noncontrolling interest was $157 million and $182 million, respectively. The amount of consolidated net income attributable to these minority holders is presented as a separate caption on the Statement of Consolidated Comprehensive Income.

Ashland recognized separation costs of $26 million and $12 million for the three months ended March 31, 2017 and 2016, respectively, and $54 million and $18 million for the six months ended March 31, 2017 and 2016, respectively, which are primarily related to transaction and legal fees. Separation costs are primarily recorded within the selling, general and administrative expense caption of the Statements of Consolidated Comprehensive Income.

Transferred Assets and Liabilities

As of September 30, 2016, Valvoline Inc. included substantially all of the Valvoline business as historically reported by Ashland, as well as certain other assets and liabilities transferred to Valvoline Inc. by Ashland as a part of the separation process. The largest transferred liabilities were the net pension and other postretirement plan liabilities, which include a substantial portion of the largest U.S. qualified pension plans and non-qualified U.S. pension plans. As of September 30, 2016, Valvoline Inc.’s net pension and other postretirement plan liabilities totaled approximately $900 million.

Other transferred assets and liabilities primarily consist of deferred compensation, certain Ashland legacy business insurance reserves, tax attributes and certain trade payables. The impact of these other transferring assets and liabilities during 2016 was approximately $15 million of net assets. Additionally, any deferred tax assets and liabilities that relate specifically to these assets and liabilities have been transferred to Valvoline Inc. as well as certain other tax liabilities as a result of the Tax Matters Agreement. For purposes of Ashland’s 2017 segment reporting and consistent with prior periods, these transferred assets and liabilities remain included within Unallocated and other.

Final Separation

On April 25, 2017, Ashland announced that the Board of Directors has authorized the distribution to Ashland stockholders of all 170 million shares of Valvoline Inc.'s common stock on May 12, 2017 as a pro rata dividend on shares of Ashland common stock outstanding at the close of business on the record date of May 5, 2017.

The actual distribution ratio for the Valvoline Inc. common stock to be distributed per share of Ashland common stock will be determined based on the number of shares of Ashland common stock outstanding on the record date.

This final distribution is subject to certain conditions, including receipt of a customary tax opinion and confirmation of sufficient capital adequacy and surplus to make the distribution. Ashland expects all of these conditions to be satisfied on the distribution date.

Acquisition

Pharmachem Laboratories

On April 14, 2017, Ashland entered into a definitive agreement to acquire privately owned Pharmachem Laboratories, Inc., a leading provider of quality ingredients to the global health and wellness industries and high-value differentiated products to fragrance and flavor houses. Under terms of the stock purchase agreement, Ashland will pay $660 million in an all-cash transaction that is expected to be completed before the end of the June 2017 quarter. The acquisition, which is subject to customary closing conditions and required regulatory approvals, will be funded with bank financing and available cash.

Financing Activities

6.50% junior subordinated notes due 2029

In December 2016, Hercules LLC (Hercules) (formerly Hercules Incorporated), an indirect wholly-owned subsidiary of Ashland, repurchased, through a cash tender offer (the Tender Offer), $182 million of the aggregate principal par value amount of its 6.50% junior subordinated notes due 2029 (2029 notes) for an aggregate purchase price of $177 million. As a result of the Tender Offer, the carrying value of the 2029 notes was reduced by $90 million and Ashland recognized a $92 million charge related to accelerated accretion of the recorded debt discount (compared to the total par value) and $5 million of a net gain related to the repayment of the debt. The charge and net gain are included in the net interest and other financing expense caption of the Statements of Consolidated Comprehensive Income for the six months ended March 31, 2017.

Open market repurchases of 4.750% notes due 2022 and 3.875% notes due 2018

During the six months ended March 31, 2017, Ashland executed open market repurchases of its 4.750% notes due 2022 (2022 notes) and its 3.875% notes due 2018 (2018 notes). As a result of these repurchases, the carrying values of the 2022 notes and 2018 notes were reduced by $39 million and $41 million, respectively. Ashland recognized a $3 million charge related to premiums paid in the open market repurchases and accelerated amortization of previously capitalized debt issuance costs, which is included in the net interest and other financing expense caption of the Statements of Consolidated Comprehensive Income for the six months ended March 31, 2017.

Subsidiary senior unsecured term loan

During August 2016, a wholly owned foreign subsidiary of Ashland entered into a credit agreement which provided for an aggregate principal amount of $150 million in a senior unsecured term loan facility. This term loan was drawn in full as of September 30, 2016 and was fully repaid during the six months ended March 31, 2017.

Accounts receivable securitization

During the December 2015 quarter, the Transfer and Administration Agreement was amended to extend the termination date of the accounts receivable securitization facility from December 31, 2015 to March 22, 2017. During the March 2017 quarter, this facility was extended for an additional year with similar terms as the previous facility agreement. No other changes to the agreement within the current or prior year amendments are expected to have a significant impact to Ashland's results of operations and financial position.

Valvoline accounts receivable securitization

In November 2016, Valvoline entered into a $125 million accounts receivable securitization facility (the 2017 accounts receivable securitization facility) pursuant to (i) a Sale Agreement, between Valvoline and LEX Capital LLC, a wholly-owned “bankruptcy remote” special purpose subsidiary of Valvoline (Lex) and (ii) a Transfer and Administration Agreement, among Lex, Valvoline, as Master Servicer, a certain Conduit Investor, Uncommitted Investor, and Letter of Credit Issuer, certain Managing Agents, Administrators and Committed Investors, and PNC Bank National Association, as agent for various secured parties (the Agent).

Under the Sale Agreement, Valvoline will sell, on an ongoing basis, substantially all of its accounts receivable, certain related assets and the right to the collections on those accounts receivable to Lex. Under the terms of the Transfer and Administration Agreement, Lex may, from time to time, obtain up to $125 million (in the form of cash or letters of credit for the benefit of Valvoline) from the Conduit Investor, the Uncommitted Investor and/or the Committed Investors (together the “Investors”) through the sale of an undivided interest in such accounts receivable, related assets and collections. The Transfer and Administration Agreement has a term of one year but is extendable at the discretion of the Investors. Valvoline accounts for the 2017 accounts receivable securitization facility as secured borrowings, and the receivables sold pursuant to the facility are included in Ashland's Condensed Consolidated Balance Sheet as accounts receivable. Valvoline classifies any borrowings under this facility as short-term debt within Ashland's Condensed Consolidated Balance Sheet.

During the first quarter of 2017, Valvoline borrowed $75 million under the 2017 accounts receivable securitization facility and used the net proceeds to repay an equal amount of the 2016 term loan facility. As a result, Valvoline recognized a $1 million charge related to the accelerated amortization of previously capitalized debt issuance costs, which is included in the net interest and other financing expense caption of the Statements of Consolidated Comprehensive Income for the six months ended March 31, 2017.

Other Post-employment Benefit Plans Amendment and Remeasurement

Effective January 1, 2017, Ashland discontinued certain post-employment health and life insurance benefits. The effect of these plan changes resulted in a remeasurement gain of $10 million, $4 million within cost of sales and $6 million within selling, general and administrative expense, in the Statements of Consolidated Comprehensive Income for the six months ended March 31, 2017.

RESULTS OF OPERATIONS – CONSOLIDATED REVIEW

Use of non-GAAP measures

Ashland has included within this document the following non-GAAP measures, on both a consolidated and reportable segment basis, which are not defined within U.S. GAAP and do not purport to be alternatives to net income or cash flows from operating activities as a measure of operating performance or cash flows:

- EBITDA - net income, plus income tax expense (benefit), net interest and other financing expenses, and depreciation and amortization.
- Adjusted EBITDA - EBITDA adjusted for noncontrolling interests, discontinued operations, net gain (loss) on acquisitions and divestitures, other income and (expense) and key items (including the remeasurement gains and losses related to pension and other postretirement plans).
- Adjusted EBITDA margin - Adjusted EBITDA divided by sales.
- Free cash flow - operating cash flows less capital expenditures and certain other adjustments as applicable.

Management believes the use of EBITDA and Adjusted EBITDA measures on a consolidated and reportable segment basis assist investors in understanding the ongoing operating performance by presenting comparable financial results between periods. Ashland believes that by removing the impact of depreciation and amortization and excluding certain non-cash charges, amounts spent on interest and taxes and certain other charges that are highly variable from year to year, EBITDA and Adjusted EBITDA provide Ashland's investors with performance measures that reflect the impact to operations from trends in changes in sales, margin and operating expenses, providing a perspective not immediately apparent from net income and operating income. The adjustments Ashland makes to derive the non-GAAP measures of EBITDA and Adjusted EBITDA exclude items which may cause short-term fluctuations in net income and operating income and which Ashland does not consider to be the fundamental attributes or primary drivers of its business. EBITDA and Adjusted EBITDA provide disclosure on the same basis as that used by Ashland's management to evaluate financial performance on a consolidated and reportable segment basis and provide consistency in our financial reporting, facilitate internal and external comparisons of Ashland's historical operating performance and its business units and provide continuity to investors for comparability purposes.

The free cash flow metric enables Ashland to provide a better indication of the ongoing cash being generated that is ultimately available for both debt and equity holders as well as other investment opportunities. Unlike cash flow provided by operating activities, free cash flow includes the impact of capital expenditures from continuing operations, as well as other items Ashland has deemed nonoperational, providing a more complete picture of cash generation. Free cash flow has certain limitations, including that it does not reflect adjustment for certain non-discretionary cash flows such as mandatory debt repayments. The amount of mandatory versus discretionary expenditures can vary significantly between periods.

These non-GAAP measures should be considered supplemental in nature and should not be construed as more significant than comparable measures defined by U.S. GAAP. Limitations associated with the use of these non-GAAP measures include that these measures do not present all of the amounts associated with our results as determined in accordance with U.S. GAAP. The non-GAAP measures provided are used by Ashland management and may not be determined in a manner consistent with the methodologies used by other companies. EBITDA and Adjusted EBITDA provide a supplemental presentation of Ashland's operating performance on a consolidated and reportable segment basis. Adjusted EBITDA generally includes adjustments for items that impact comparability between periods. In addition, certain financial covenants related to Ashland's 2015 Senior Credit Agreement and Valvoline's Credit Agreement are based on similar non-GAAP measures and are defined further in the sections that reference this metric.

In accordance with U.S. GAAP, Ashland recognizes actuarial gains and losses for defined benefit pension and other postretirement benefit plans annually in the fourth quarter of each fiscal year and whenever a plan is determined to qualify for a remeasurement during a fiscal year. Actuarial gains and losses occur when actual experience differs from the estimates used to allocate the change in value of pension and other postretirement benefit plans to expense throughout the year or when assumptions change, as they may each year. Significant factors that can contribute to the recognition of actuarial gains and losses include changes in discount rates used to remeasure pension and other postretirement obligations on an annual basis or upon a qualifying remeasurement, differences between actual and expected returns on plan assets and other changes in actuarial assumptions, for example, the life expectancy of plan participants. Management believes Adjusted EBITDA, which includes the expected return on pension plan assets yet excludes both the actual return on pension plan assets and the impact of actuarial gains and losses, provides investors with a meaningful supplemental presentation of Ashland's operating performance (see the Adjusted EBITDA reconciliation tables on pages 51 and 52 for additional details on exact amounts included within this non-GAAP measure related to pension and other postretirement plans.) Management believes these actuarial gains and losses are primarily financing activities that are more reflective of changes in current conditions in global financial markets (and in particular interest rates) that are not directly related to the underlying business. For further information on the actuarial assumptions and plan assets referenced above, see the MD&A - Critical Accounting Policies - Employee benefit obligations and Note N of the Notes to Consolidated Financial Statements within the 2016 Form 10-K.

Consolidated review

Net income

Ashland's net income is primarily affected by results within operating income, net interest and other financing expense, income taxes, discontinued operations and other significant events or transactions that are unusual or nonrecurring.

Current Quarter - Key financial results for the three months ended March 31, 2017 and 2016 included the following:

- Ashland's net income attributable to Ashland amounted to $92 million and $87 million for the three months ended March 31, 2017 and 2016, respectively, or $1.47 and $1.38 diluted earnings per share, respectively.
- Ashland's net income attributable to noncontrolling interest amounted to $13 million for the three months ended March 31, 2017 and reflects the noncontrolling interest of Valvoline Inc.
- Income from continuing operations, which excludes results from discontinued operations, amounted to $102 million and $87 million for the three months ended March 31, 2017 and 2016, respectively.
- The effective income tax expense rates of 23% and 15% for the three months ended March 31, 2017 and 2016, respectively, were both affected by certain discrete items.
- Ashland incurred pretax net interest and other financing expense of $38 million and $43 million for the three months ended March 31, 2017 and 2016, respectively.
- Operating income was $170 million and $147 million for the three months ended March 31, 2017 and 2016, respectively.

Year-to-Date - Key financial results for the six months ended March 31, 2017 and 2016 included the following:

- Ashland's net income attributable to Ashland amounted to $91 million and $176 million for the six months ended March 31, 2017 and 2016, respectively, or $1.46 and $2.73 diluted earnings per share, respectively.
- Ashland's net income attributable to noncontrolling interest amounted to $24 million for the six months ended March 31, 2017 and reflects the noncontrolling interest of Valvoline Inc.
- Income from continuing operations, which excludes results from discontinued operations, amounted to $112 million and $178 million for the six months ended March 31, 2017 and 2016, respectively.
- The effective income tax expense rates of 18% and 16% for the six months ended March 31, 2017 and 2016, respectively, were both affected by certain discrete items.
- Ashland incurred pretax net interest and other financing expense of $170 million and $85 million for the six months ended March 31, 2017 and 2016, respectively. The current period was impacted by $92 million of net charges associated with current period debt financing activity.
- Operating income was $307 million and $298 million for the six months ended March 31, 2017 and 2016, respectively.

For further information on the items reported above, see the discussion in the comparative Statements of Consolidated Comprehensive Income caption review analysis.

Operating income

Current Quarter - Operating income amounted to $170 million and $147 million for the three months ended March 31, 2017 and 2016, respectively. The current and prior year quarters' operating income include certain key items that are excluded to arrive at Adjusted EBITDA. These key items are summarized as follows:

- Separation, restructuring and other costs, net, include the following:
    - $26 million, including $1 million of accelerated depreciation, and $12 million of costs related to the separation of Valvoline during the three months ended March 31, 2017 and 2016, respectively;
    - $4 million of restructuring charges related to office buildings and $2 million of accelerated depreciation related to a restructuring plan within an existing manufacturing facility during the three months ended March 31, 2016;
- $23 million of key items related to pension and other postretirement plan remeasurement losses during the three months ended March 31, 2016, representing the net impact of a curtailment gain of $110 million related to the prior year quarter plan amendments and an $133 million actuarial loss due to changes in discount rates and asset values; and
- $5 million charge for a legal reserve during the three months ended March 31, 2016.

Operating income for the three months ended March 31, 2017 and 2016 included depreciation and amortization of $75 million and $83 million, respectively (which excluded accelerated depreciation of $1 million and $2 million for the three months ended March 31, 2017 and 2016, respectively). EBITDA totaled $248 million and $228 million for the three months ended March 31, 2017 and 2016, respectively. EBITDA and Adjusted EBITDA results in the table below have been prepared to illustrate the ongoing effects of Ashland’s operations, which exclude certain key items and the impact of Ashland's noncontrolling interest in Valvoline Inc.

	Three months ended March 31	
(In millions)	2017	2016
Net income	$ 105	$ 87
Income tax expense	30	15
Net interest and other financing expense	38	43
Depreciation and amortization (a)	75	83
EBITDA	248	228
Net income attributable to noncontrolling interest	(13)	—
Adjusted EBITDA adjustments attributable to noncontrolling interest (b)	(11)	—
Income from discontinued operations (net of tax)	(3)	—
Separation, restructuring and other costs, net	25	16
Loss on pension and other postretirement plan remeasurements	—	23
Legal reserve	—	5
Accelerated depreciation	1	2
Adjusted EBITDA (c)	$ 247	$ 274

(a) Excludes $1 million and $2 million of accelerated depreciation for the three months ended March 31, 2017 and 2016, respectively.
(b) Includes certain items attributable to the approximately 17% noncontrolling interest in Valvoline Inc. such as income tax expense, net interest and other financing expense, depreciation and amortization and separation costs.
(c) Includes $12 million and $14 million during the three months ended March 31, 2017 and 2016, respectively, of net periodic pension and other postretirement income recognized ratably through the fiscal year. This income is comprised of service cost, interest cost, expected return on plan assets, and amortization of prior service credit and is disclosed in further detail in Note J of the Notes to Condensed Consolidated Financial Statements.

Year-to-Date - Operating income amounted to $307 million and $298 million for the six months ended March 31, 2017 and 2016, respectively. The current and prior year periods' operating income include certain key items that are excluded to arrive at Adjusted EBITDA. In addition to the key items within the current and prior year quarters previously discussed, the following are also excluded on a year-to-date basis:

- Separation, restructuring and other costs, net, include the following additional key items:
    - an additional $28 million and $6 million of costs related to the separation of Valvoline during the six months ended March 31, 2017 and 2016, respectively;
    - additional adjustments related to a restructuring plan within an existing manufacturing facility of a $5 million reversal of the previous severance accrual and $2 million of accelerated depreciation during the six months ended March 31, 2016;
- Remeasurement gain of $10 million associated with the discontinuation of certain post-employment health and life insurance benefits during the six months ended March 31, 2017; and
- Additional charges for legal reserves of $5 million and $10 million during the six months ended March 31, 2017 and 2016, respectively.

	Six months ended March 31	
(In millions)	2017	2016
Net income	$ 115	$ 176
Income tax expense	24	35
Net interest and other financing expense	170	85
Depreciation and amortization (a)	152	164
EBITDA	461	460
Net income attributable to noncontrolling interest	(24)	—
Adjusted EBITDA adjustments attributable to noncontrolling interest (b)	(20)	—
Loss (income) from discontinued operations (net of tax)	(3)	2
Separation, restructuring and other costs, net	53	17
Loss (gain) on pension and other postretirement plan remeasurements	(10)	23
Legal reserve	5	15
Accelerated depreciation	1	4
Adjusted EBITDA (c)	$ 463	$ 521

(a) Excludes $1 million and $4 million of accelerated depreciation for the six months ended March 31, 2017 and 2016, respectively.
(b) Includes certain items attributable to the approximately 17% noncontrolling interest in Valvoline Inc. such as income tax expense, net interest and other financing expense, depreciation and amortization and separation costs.
(c) Includes $24 million and $27 million during the six months ended March 31, 2017 and 2016, respectively, of net periodic pension and other postretirement income recognized ratably through the fiscal year. This income is comprised of service cost, interest cost, expected return on plan assets, and amortization of prior service credit and is disclosed in further detail in Note J of the Notes to Condensed Consolidated Financial Statements.

Statements of Consolidated Comprehensive Income – caption review

A comparative analysis of the Statements of Consolidated Comprehensive Income by caption is provided as follows for the three and six months ended March 31, 2017 and 2016.

	Three months ended March 31			Six months ended March 31		
(In millions)	2017	2016	Change	2017	2016	Change
Sales	$ 1,320	$ 1,247	$ 73	$ 2,513	$ 2,410	$ 103

The following table provides a reconciliation of the change in sales between the three and six months ended March 31, 2017 and 2016.

(In millions)	Three months ended March 31, 2017	Six months ended March 31, 2017
Volume	$ 59	$ 118
Pricing	13	(15)
Product mix	3	(5)
Currency exchange	(9)	(15)
Acquisitions and divestitures	7	20
Change in sales	$ 73	$ 103

Current Quarter - Sales for the current quarter increased $73 million compared to the prior year quarter. Improved volume increased sales by $59 million, or 5%, while higher pricing increased sales by $13 million. The acquisitions of Oil Can Henry's and Time-It Lube within the Valvoline reportable segment and changes in product mix increased sales by $7 million and $3 million, respectively. Unfavorable foreign currency exchange decreased sales by $9 million.

Year-to-Date - Sales for the current period increased $103 million compared to the prior year period. Improved volume increased sales by $118 million, or 5%. The acquisitions within the Valvoline reportable segment, partially offset by the exit from certain product lines within the Specialty Ingredients reportable segment, increased sales by $20 million. Pricing declines and unfavorable foreign currency exchange each decreased sales by $15 million. Changes in product mix decreased sales by $5 million.

	Three months ended March 31			Six months ended March 31		
(In millions)	2017	2016	Change	2017	2016	Change
Cost of sales	$ 887	$ 823	$ 64	$ 1,694	$ 1,595	$ 99
Gross profit as a percent of sales	32.8%	34.0%		32.6%	33.8%	

Fluctuations in cost of sales are driven primarily by raw material prices, volume and changes in product mix, currency exchange, net losses or gains on pension and other postretirement benefit plan remeasurements, and other certain charges incurred as a result of changes or events within the businesses or restructuring activities. The following table provides a quantified reconciliation of the changes in cost of sales between the three and six months ended March 31, 2017 and 2016.

(In millions)	Three months ended March 31, 2017	Six months ended March 31, 2017
Changes in:		
Volume	$ 41	$ 82
Production costs	33	27
Acquisitions and divestitures	6	15
Currency exchange	(5)	(11)
Product mix	(1)	(5)
Pension and other postretirement benefit plans expense (income)		
(including remeasurements)	(8)	(10)
Severance and other costs	—	5
Accelerated depreciation	(2)	(4)
Change in cost of sales	$ 64	$ 99

Current Quarter - Cost of sales for the current quarter increased $64 million compared to the prior year quarter primarily due to higher volume and unfavorable production costs which increased cost of sales by $41 million, or 5%, and $33 million, or 4%, respectively. The acquisitions of Oil Can Henry's and Time-It Lube increased cost of sales by $6 million. Favorable foreign currency exchange and changes in product mix decreased cost of sales by $5 million and $1 million, respectively.

Pension and other postretirement net periodic costs, including ongoing income and the prior year quarter interim remeasurements, decreased cost of sales by $8 million compared to the prior year quarter. The prior year quarter remeasurement loss within cost of sales of $9 million represents the net impact of a curtailment gain of $45 million and an actuarial loss of $54 million. The remaining change relates to the ongoing pension and other postretirement income. See Note J in the Notes to Condensed Consolidated Financial Statements for further discussion on the prior year quarter's pension and other postretirement benefit plans activity. Additionally, as part of a restructuring plan within an existing manufacturing facility in the Specialty Ingredients reportable segment, the prior year quarter included $2 million of accelerated depreciation.

Year-to-Date - Cost of sales for the current period increased $99 million compared to the prior year period primarily due to higher volume, unfavorable production costs, and the net impact of the acquisitions and divestiture of certain divisions and product lines. These factors increased cost of sales by $82 million, or 5%, $27 million, or 2%, and $15 million, respectively. Favorable foreign currency exchange and changes in product mix decreased cost of sales by $11 million and $5 million, respectively.

Pension and other postretirement net periodic costs, including ongoing income and the interim remeasurements, decreased cost of sales by $10 million compared to the prior year period. The current period post-employment remeasurement gain within cost of sales totaled $4 million, while the prior year period remeasurement loss within cost of sales of $9 million represents the net impact of a curtailment gain of $45 million and an actuarial loss of $54 million. The remaining change relates to the ongoing pension and other postretirement income. See Note J in the Notes to Condensed Consolidated Financial Statements for further discussion on the pension and other postretirement benefit plans activity during the current and prior year periods. Additionally, as part of a restructuring plan within an existing manufacturing facility in the Specialty Ingredients reportable segment, the prior year period included a $5 million reversal of the severance accrual and $4 million of accelerated depreciation.

	Three months ended March 31			Six months ended March 31		
(In millions)	2017	2016	Change	2017	2016	Change
Selling, general and administrative expense	$ 245	$ 258	$ (13)	$ 483	$ 483	$ —
As a percent of sales	18.6%	20.7%		19.2%	20.0%	

Current Quarter - Selling, general and administrative expense for the current quarter decreased $13 million compared to the prior year quarter with expenses as a percent of sales decreasing 2.1 percentage points. Key drivers of the fluctuation in selling, general and administrative expense compared to the prior year quarter were:

- $26 million of costs related to the separation of Valvoline during the current quarter compared to $12 million in the prior year quarter;
- pension and other postretirement plan remeasurements losses of $14 million in the prior year quarter, which consisted of a curtailment gain of $65 million and an actuarial loss of $79 million;
- a $5 million charge for a legal reserve during the prior year quarter; and
- a $4 million charge for restructuring related to office buildings during the prior year quarter.

Year-to-Date - Selling, general and administrative expense for the current period remained consistent with the prior year period with expenses as a percent of sales decreasing 0.8 percentage points. Key drivers of the fluctuation in selling, general and administrative expense compared to the prior year period were:

- $54 million of costs related to the separation of Valvoline during the current period compared to $18 million in the prior year period;
- decreased costs of $20 million due to a post-employment remeasurement gain of $6 million during the current period and pension and other postretirement plan remeasurement losses of $14 million during the prior year period (see discussion within current quarter analysis);
- $5 million and $15 million charges for legal reserves during the current and prior year period, respectively; and
- $4 million of restructuring charges related to office buildings during the prior year period.

	Three months ended March 31			Six months ended March 31		
(In millions)	2017	2016	Change	2017	2016	Change
Research and development expense	$ 24	$ 25	$ (1)	$ 47	$ 49	$ (2)

Current Quarter - Research and development expense remained relatively consistent with the prior year quarter.

Year-to-Date - Research and development expense remained relatively consistent with the prior year period.

	Three months ended March 31			Six months ended March 31		
(In millions)	2017	2016	Change	2017	2016	Change
Equity and other income						
Equity income	$ 3	$ 3	$ —	$ 7	$ 8	$ (1)
Other income	3	3	—	11	7	4
	$ 6	$ 6	$ —	$ 18	$ 15	$ 3

Current Quarter - Equity and other income remained consistent with the prior year quarter.

Year-to-Date - Equity income remained relatively consistent with the prior year period. Other income increased $4 million primarily due to an increase in other income within the Valvoline reportable segment.

	Three months ended March 31			Six months ended March 31		
(In millions)	2017	2016	Change	2017	2016	Change
Net interest and other financing expense (income)						
Interest expense	$ 40	$ 44	$ (4)	$ 175	$ 87	$ 88
Interest income	(1)	(1)	—	(3)	(2)	(1)
Available-for-sale securities income	(4)	(2)	(2)	(7)	(4)	(3)
Other financing costs	3	2	1	5	4	1
	$ 38	$ 43	$ (5)	$ 170	$ 85	$ 85

Current Quarter - Net interest and other financing expense decreased $5 million during the current quarter compared to the prior year quarter. Interest expense decreased compared to the prior year quarter as a result of lower debt levels. Available-for-sale securities income of $4 million compared to $2 million in the prior year quarter represents investment income and realized gains related to restricted investments discussed in Note E of the Notes to Condensed Consolidated Financial Statements.

Year-to-Date - Net interest and other financing expense increased $85 million during the current period compared to the prior year period. The current period increase in interest expense was primarily due to $92 million of accelerated accretion related to the December 2016 Tender Offer of the 2029 notes. Available-for-sale securities income of $7 million compared to $4 million in the prior year period represents investment income and realized gains related to restricted investments discussed in Note E of the Notes to Condensed Consolidated Financial Statements.

	Three months ended March 31			Six months ended March 31		
(In millions)	2017	2016	Change	2017	2016	Change
Net gain (loss) on divestitures						
MAP Transaction adjustments	$ —	$ (1)	$ 1	$ (1)	$ —	$ (1)
Castings Solutions joint venture	—	—	—	—	1	(1)
Pinova	—	(1)	1	—	(1)	1
	$ —	$ (2)	$ 2	$ (1)	$ —	$ (1)

Current Quarter - The activity in the prior year quarter primarily relates to post-closing adjustments for certain divestitures.

Year-to-Date - The activity in the current and prior year periods primarily relate to post-closing adjustments for certain divestitures.

	Three months ended March 31			Six months ended March 31		
(In millions)	2017	2016	Change	2017	2016	Change
Income tax expense	$ 30	$ 15	$ 15	$ 24	$ 35	$ (11)
Effective tax rate	23%	15%		18%	16%	

Current Quarter - The overall effective tax rate was 23% for the three months ended March 31, 2017 and was impacted by net favorable tax discrete items of $4 million primarily related to unrecognized tax benefits due to lapse of the statute of limitations.

The overall effective tax rate was 15% for the three months ended March 31, 2016 and was impacted by net favorable discrete items of $7 million, primarily related to a favorable tax liquidation resolution and the reversal of unrecognized tax benefits due to lapse of the statute of limitations.

Year-to-Date - The overall effective tax rate was 18% for the six months ended March 31, 2017 and was impacted by the net favorable tax discrete items discussed within the quarterly analysis above.

The overall effective tax rate was 16% for the six months ended March 31, 2016 and was impacted by net favorable discrete items of $13 million, primarily related to the law change from the reinstatement of research and development credit, a favorable tax liquidation resolution and the reversal of unrecognized tax benefits due to lapse of the statute of limitations.

	Three months ended March 31			Six months ended March 31		
(In millions)	2017	2016	Change	2017	2016	Change
Income (loss) from discontinued operations (net of tax)						
Water Technologies	$ 3	$ —	$ 3	$ 3	$ (2)	$ 5
	$ 3	$ —	$ 3	$ 3	$ (2)	$ 5

Current Quarter - The current quarter included a tax adjustment related to the sale of Ashland Water Technologies (Water Technologies).

Year-to-Date - The current and prior year periods included tax adjustments related to the sale of Water Technologies.

	Three months ended March 31			Six months ended March 31		
(In millions)	2017	2016	Change	2017	2016	Change
Net income attributable to noncontrolling interest	$ 13	$ —	$ 13	$ 24	$ —	$ 24

Since Ashland's ownership interest in Valvoline Inc., which includes the operations of the Valvoline reportable segment, is now approximately 83%, the amount of net income attributable to the outside stockholders' approximately 17% noncontrolling interest in Valvoline Inc. is presented within this caption on the Statement of Consolidated Comprehensive Income for the three and six months ended March 31, 2017.

Other comprehensive income (loss)

A comparative analysis of the components of other comprehensive income (loss) is provided below for the three and six months ended March 31, 2017 and 2016.

	Three months ended March 31			Six months ended March 31		
(In millions)	2017	2016	Change	2017	2016	Change
Other comprehensive income (loss) (net of taxes)						
Unrealized translation gain (loss)	$ 60	$ 80	$ (20)	$ (86)	$ 19	$ (105)
Pension and postretirement obligation adjustment	(2)	24	(26)	(4)	21	(25)
Net change in available-for-sale securities	6	3	3	6	9	(3)
	$ 64	$ 107	$ (43)	$ (84)	$ 49	$ (133)

Current Quarter - Total other comprehensive income, net of tax, for the current quarter decreased $43 million compared to the prior year quarter as a result of the following components:

- For the three months ended March 31, 2017, the unrealized gain from foreign currency translation adjustments was $60 million compared to a gain of $80 million for the three months ended March 31, 2016. The fluctuations in unrealized translation gains and losses is primarily due to translating foreign subsidiary financial statements from local currencies to U.S. Dollars.
- Pension and postretirement obligation adjustment was a loss of $2 million for the three months ended March 31, 2017 compared to income of $24 million for the three months ended March 31, 2016. Of these amounts, $2 million and $31 million during the current quarter and prior year quarter, respectively, of unrecognized prior service credits, net of tax, relating to pension and other postretirement benefit plans were amortized and reclassified into net income. Additional unrecognized prior service credits, net of tax, of $55 million during the prior year quarter were included in other comprehensive income as a result of the pension and other postretirement plan remeasurements.
- Gains of $6 million and $3 million on available-for-sale securities, net of tax, related to restricted investments, were recognized within other comprehensive income during the three months ended March 31, 2017 and 2016, respectively. Of these amounts, $1 million, net of tax, during the current quarter was reclassified into net income, while $7 million and $3 million of unrealized gains, net of tax, were included within other comprehensive income during the current and prior year quarters, respectively.

Year-to-Date - Total other comprehensive income (loss), net of tax, for the current period decreased $133 million compared to the prior year period as a result of the following components:

- For the six months ended March 31, 2017, the unrealized loss from foreign currency translation adjustments was $86 million compared to a gain of $19 million for the six months ended March 31, 2016, mainly as a result of the strengthening of the U.S. Dollar against other global currencies, including the Euro. The fluctuations in unrealized translation gains and losses are primarily due to translating foreign subsidiary financial statements from local currencies to U.S. Dollars.
- Pension and postretirement obligation adjustment was a loss of $4 million for the six months ended March 31, 2017 compared to income of $21 million for the six months ended March 31, 2016. Of these amounts, $4 million and $34 million during the current and prior year periods, respectively, of unrecognized prior service credits, net of tax, relating to pension and other postretirement benefit plans were amortized and reclassified into net income. Additional unrecognized prior service credits, net of tax, of $55 million during the prior year period were included in other comprehensive income (loss) as a result of the pension and other postretirement plan remeasurements.
- Gains of $6 million and $9 million on available-for-sale securities, net of tax, related to restricted investments, were recognized within other comprehensive income (loss) during the six months ended March 31, 2017 and 2016, respectively. Of these amounts, $1 million, net of tax, during the current period was reclassified into net income, while $7 million and $9 million of unrealized gains, net of tax, were included within other comprehensive income (loss) during the current and prior year periods, respectively.

RESULTS OF OPERATIONS – REPORTABLE SEGMENT REVIEW

Ashland's businesses are managed within three reportable segments: Specialty Ingredients, Performance Materials and Valvoline. During September 2016, Valvoline Inc. completed the IPO of its common stock as discussed further within the "Key Developments" section of Management's Discussion and Analysis herein. As a result, Ashland had an approximately 83% ownership interest in Valvoline Inc. as of March 31, 2017.

Results of Ashland's reportable segments are presented based on its management structure and internal accounting practices. The structure and practices are specific to Ashland; therefore, the financial results of Ashland's reportable segments are not necessarily comparable with similar information for other comparable companies. Ashland allocates all costs to its reportable segments except for certain significant company-wide restructuring activities, and other costs or adjustments that generally relate to former businesses that Ashland no longer operates. The service cost component of pension and other postretirement benefits costs is allocated to each reportable segment on a ratable basis; while the remaining components of pension and other postretirement benefits costs are recorded to Unallocated and other. Ashland refines its expense allocation methodologies to the reportable segments from time to time as internal accounting practices are improved, more refined information becomes available and businesses change. Revisions to Ashland's methodologies that are deemed insignificant are applied on a prospective basis.

The EBITDA and Adjusted EBITDA amounts presented within this business section are provided as a means to enhance the understanding of financial measurements that Ashland has internally determined to be relevant measures of comparison for each segment. Each of these non-GAAP measures is defined as follows: EBITDA (operating income (loss) plus depreciation and amortization), Adjusted EBITDA (EBITDA adjusted for key items, which may include pro forma effects for significant acquisitions or divestitures, as applicable), and Adjusted EBITDA margin (Adjusted EBITDA, which may include pro forma adjustments, divided by sales or sales adjusted for pro forma results). Ashland does not allocate items to each reportable segment below operating income, such as interest expense and income taxes. As a result, reportable segment EBITDA and Adjusted EBITDA are reconciled directly to operating income since it is the most directly comparable Statements of Consolidated Comprehensive Income caption.

The following table discloses sales, operating income, depreciation and amortization and statistical operating information by reportable segment for the three and six months ended March 31, 2017 and 2016.

	Three months ended March 31		Six months ended March 31	
(In millions)	2017	2016	2017	2016
Sales				
Specialty Ingredients	$ 544	$ 529	$ 1,026	$ 1,004
Performance Materials	262	239	484	470
Valvoline	514	479	1,003	936
	$ 1,320	$ 1,247	$ 2,513	$ 2,410
Operating income (loss)				
Specialty Ingredients	$ 74	$ 65	$ 114	$ 103
Performance Materials	10	20	18	43
Valvoline	106	105	205	197
Unallocated and other	(20)	(43)	(30)	(45)
	$ 170	$ 147	$ 307	$ 298
Depreciation and amortization				
Specialty Ingredients	$ 53	$ 62	$ 107	$ 123
Performance Materials	13	13	26	26
Valvoline	9	10	18	19
Unallocated and other	1	—	2	—
	$ 76	$ 85	$ 153	$ 168
Operating information				
Specialty Ingredients				
Sales per shipping day	$ 8.5	$ 8.3	$ 8.2	$ 8.0
Metric tons sold (thousands)	80.7	77.3	153.3	146.0
Gross profit as a percent of sales (a)	34.8%	34.6%	33.5%	33.8%
Performance Materials				
Sales per shipping day	$ 4.1	$ 3.7	$ 3.9	$ 3.7
Metric tons sold (thousands)	127.9	116.3	238.5	222.5
Gross profit as a percent of sales (a)	14.7%	20.6%	15.0%	21.3%
Valvoline				
Lubricant sales gallons	44.9	43.7	88.1	84.2
Premium lubricants (percent of U.S. branded volumes)	49.5%	44.6%	48.4%	43.9%
Gross profit as a percent of sales (a)	38.5%	40.0%	38.2%	39.2%

(a) Gross profit is defined as sales, less cost of sales divided by sales.

Sales by region expressed as a percentage of reportable segment sales for the three and six months ended March 31, 2017 and 2016 were as follows. Ashland includes only U.S. and Canada in its North American designation.

	Three months ended March 31, 2017			Six months ended March 31, 2017		
Sales by Geography	Specialty Ingredients	Performance Materials	Valvoline	Specialty Ingredients	Performance Materials	Valvoline
North America	39%	43%	74%	39%	43%	74%
Europe	31%	38%	7%	30%	37%	7%
Asia Pacific	20%	15%	14%	21%	16%	14%
Latin America & other	10%	4%	5%	10%	4%	5%
	100%	100%	100%	100%	100%	100%

	Three months ended March 31, 2016			Six months ended March 31, 2016		
Sales by Geography	Specialty Ingredients	Performance Materials	Valvoline	Specialty Ingredients	Performance Materials	Valvoline
North America	39%	42%	75%	39%	41%	75%
Europe	31%	40%	7%	32%	39%	7%
Asia Pacific	19%	13%	13%	19%	14%	13%
Latin America & other	11%	5%	5%	10%	6%	5%
	100%	100%	100%	100%	100%	100%

Specialty Ingredients

Specialty Ingredients is a global leader in cellulose ethers, vinyl pyrrolidones and biofunctionals. It offers industry-leading products, technologies and resources for solving formulation and product-performance challenges. Specialty Ingredients uses natural, synthetic and semisynthetic polymers derived from cellulose ethers, vinyl pyrrolidones, acrylic polymers, polyester and polyurethane-based adhesives, and plant and seed extract. Specialty Ingredients includes two divisions, Consumer Specialties and Industrial Specialties, that offer comprehensive and innovative solutions for today's demanding consumer and industrial applications. Key customers include: pharmaceutical companies; makers of personal care products, food and beverages; manufacturers of paint, coatings and construction materials; packaging and converting; and oilfield service companies.

March 2017 quarter compared to March 2016 quarter

Specialty Ingredients' sales increased $15 million to $544 million in the current quarter. Changes in volume increased sales by $25 million, or 5%, as metric tons sold increased to 80.7 thousand in the current quarter primarily due to favorable results within both the Consumer Specialties and Industrial Specialties divisions. Unfavorable foreign currency exchange and changes in product mix decreased sales by $6 million and $4 million, respectively.

Gross profit during the current quarter increased $7 million compared to the prior year quarter. The prior year quarter was unfavorably impacted by $2 million of accelerated depreciation related to a restructuring plan within an existing manufacturing facility. Improved volume during the current quarter resulted in a $10 million increase in gross profit compared to the prior year quarter. This increase was partially offset by decreases due to unfavorable foreign currency exchange of $3 million and higher costs which decreased gross profit by $2 million. In total, gross profit margin during the current quarter increased 0.2 percentage points as compared to the prior year quarter to 34.8%.

Selling, general and administrative expenses (which include research and development expenses throughout the reportable segment discussion and analysis) decreased $1 million in the current quarter as compared to the prior year quarter primarily due to favorable foreign currency exchange. Equity and other income (loss) increased $1 million primarily due to other income.

Operating income totaled $74 million for the current quarter compared to $65 million in the prior year quarter. Current quarter EBITDA increased $2 million to $127 million, while Adjusted EBITDA remained consistent with the prior year quarter at $127 million. Adjusted EBITDA margin decreased 0.7 percentage points in the current quarter to 23.3%.

Fiscal 2017 year-to-date compared to fiscal 2016 year-to-date

Specialty Ingredients' sales increased $22 million to $1,026 million in the current period. Changes in volume increased sales by $51 million, or 5%, as metric tons sold increased to 153.3 thousand in the current period. Changes in product mix, unfavorable foreign currency exchange, and pricing declines decreased sales by $15 million, $10 million, and $3 million, respectively. The exit from certain product lines decreased sales by $1 million.

Gross profit during the current period increased $5 million compared to the prior year period. As part of a restructuring plan within an existing manufacturing facility, the prior year period included $5 million of income related to the reversal of a previous severance accrual and $4 million of accelerated depreciation. Improved volume during the current period resulted in a $19 million increase in gross profit compared to the prior year period. This increase was partially offset by decreases due to pricing and higher raw material costs of $5 million, while changes in product mix and unfavorable foreign currency exchange each decreased gross profit by $4 million. In total, gross profit margin during the current period decreased 0.3 percentage points as compared to the prior year period to 33.5%.

Selling, general and administrative expenses decreased $5 million in the current period as compared to the prior year period primarily due to favorable corporate resource costs of $2 million and favorable foreign currency exchange of $2 million. Equity and other income (loss) increased $1 million compared to the prior year period.

Operating income totaled $114 million for the current period compared to $103 million in the prior year period. EBITDA decreased $1 million to $221 million in the current period, while Adjusted EBITDA remained consistent with the prior year period at $221 million. Adjusted EBITDA margin decreased 0.5 percentage points in the current period to 21.5%.

EBITDA and Adjusted EBITDA reconciliation

The following EBITDA presentation for the three and six months ended March 31, 2017 and 2016 below is provided as a means to enhance the understanding of financial measurements that Ashland has internally determined to be relevant measures of comparison for the results of Specialty Ingredients. Adjusted EBITDA results have been prepared to illustrate the ongoing effects of Ashland's operations, which exclude certain key items. The key items within the prior year quarter and period related specifically to the manufacturing facility restructuring plan. The prior year quarter included $2 million of accelerated depreciation while the prior year period included a $5 million reversal of severance and an additional $2 million of accelerated depreciation. There were no unusual or key items that affected comparability for EBITDA during the current quarter or period.

	Three months ended March 31		Six months ended March 31	
(In millions)	2017	2016	2017	2016
Operating income	$ 74	$ 65	$ 114	$ 103
Depreciation and amortization (a)	53	60	107	119
EBITDA	127	125	221	222
Severance	—	—	—	(5)
Accelerated depreciation	—	2	—	4
Adjusted EBITDA	$ 127	$ 127	$ 221	$ 221

(a) Excludes $2 million and $4 million of accelerated depreciation for the three and six months ended March 31, 2016, respectively.

Performance Materials

Performance Materials is a global leader in unsaturated polyester resins and vinyl ester resins. The business unit has leading positions in gelcoats, maleic anhydride, butanediol, tetrahydrofuran, N-Methylpyrrolidone and other intermediates and solvents. Key customers include: manufacturers of residential and commercial building products; industrial product specifiers and manufacturers; wind blade and pipe manufacturers; automotive and truck OEM suppliers; boatbuilders; engineered plastics and electronic producers; and specialty chemical manufacturers. Performance Materials is comprised of two divisions: Composites and Intermediates/Solvents.

March 2017 quarter compared to March 2016 quarter

Performance Materials' sales increased $23 million to $262 million in the current quarter. Volume increased sales by $21 million, or 9%, as metric tons sold increased to 127.9 thousand in the current quarter. Improved product pricing and changes in product mix increased sales by $4 million, or 2%, and $1 million, respectively. Unfavorable foreign currency exchange decreased sales by $3 million.

Gross profit decreased $11 million in the current quarter compared to the prior year quarter. Increased raw material costs within both the Composites and Intermediates/Solvents divisions, partially offset by favorable product pricing, decreased gross profit by $13 million. Changes in volume increased gross profit by $3 million, while unfavorable foreign currency exchange decreased gross profit by $1 million. In total, gross profit margin decreased 5.9 percentage points as compared to the prior year quarter to 14.7%.

Selling, general and administrative expenses during the current quarter decreased $2 million compared to the prior year quarter, primarily due to favorable employee costs. Equity and other income decreased $1 million compared to the prior year quarter, primarily due to equity income.

Operating income totaled $10 million in the current quarter compared to $20 million in the prior year quarter. EBITDA decreased $10 million to $23 million in the current quarter, while EBITDA margin decreased 5.0 percentage points in the current quarter to 8.8%.

Fiscal 2017 year-to-date compared to fiscal 2016 year-to-date

Performance Materials' sales increased $14 million in the current period to $484 million. Higher volume increased sales by $31 million, or 7%, as metric tons sold increased to 238.5 thousand in the current period. Lower product pricing decreased sales by $10 million, or 2%. Unfavorable foreign currency exchange and changes in product mix decreased sales by $4 million and $3 million, respectively.

Gross profit decreased $27 million in the current period compared to the prior year period. Higher raw material costs and pricing declines combined to decrease gross profit by $30 million. Higher volume levels increased gross profit by $6 million, while changes in product mix decreased gross profit by $3 million. In total, gross profit margin decreased 6.3 percentage points as compared to the prior year period to 15.0%.

Selling, general and administrative expenses during the current period decreased $3 million compared to the prior year period, primarily due to $2 million of decreased employee costs and $1 million of favorable corporate resource costs. Equity and other income decreased $1 million compared to the prior year period, primarily due to equity income.

Operating income totaled $18 million in the current period compared to $43 million in the prior year period. EBITDA decreased $25 million to $44 million in the current period. EBITDA margin decreased 5.6 percentage points in the current period to 9.1%.

EBITDA and Adjusted EBITDA reconciliation

The following EBITDA presentation for the three and six months ended March 31, 2017 and 2016 below is provided as a means to enhance the understanding of financial measurements that Ashland has internally determined to be relevant measures of comparison for the results of Performance Materials. There were no unusual or key items that affected comparability for EBITDA during the current and prior year quarters or periods.

	Three months ended March 31		Six months ended March 31	
(In millions)	2017	2016	2017	2016
Operating income	$ 10	$ 20	$ 18	$ 43
Depreciation and amortization	13	13	26	26
EBITDA	$ 23	$ 33	$ 44	$ 69

Valvoline

Valvoline is a leading worldwide producer and distributor of premium-branded automotive, commercial and industrial lubricants, and automotive chemicals. In 2016, it ranked as the #2 quick-lube chain by number of stores and #3 passenger car motor oil in the DIY market by volume brand in the United States. The brand operates and franchises 1,108 Valvoline Instant Oil Change℠ centers in the United States. It also markets Valvoline™ lubricants and automotive chemicals; MaxLife™ lubricants created for higher-mileage engines; SynPower™ synthetic motor oil; and Zerex™ antifreeze. Key customers include: retail auto parts stores and mass merchandisers who sell to consumers; installers, such as car dealers, repair shops and quick lubes; commercial fleets; and distributors. During September 2016, Valvoline Inc. completed the IPO of its common stock as discussed further within the "Key Developments" section of Management's Discussion and Analysis herein. As a result, Ashland maintains an approximately 83% ownership interest in Valvoline Inc. as of March 31, 2017. Valvoline's results as a segment of Ashland may not equal the results of Valvoline Inc. reported on a stand-alone basis.

During January 2017, Valvoline completed the acquisition of Time-It Lube resulting in the addition of 28 quick-lube stores. During February 2016, Ashland completed the acquisition of Oil Can Henry's resulting in the addition of 89 quick-lube stores. For additional information on the separation and acquisitions, see Note B in the Notes to Condensed Consolidated Financial Statements.

March 2017 quarter compared to March 2016 quarter

Valvoline's sales increased $35 million to $514 million in the current quarter. Higher volume increased sales by $13 million, or 3%, as lubricant gallons sold increased to 44.9 million. Higher product pricing, the acquisitions of Oil Can Henry's and Time-It Lube, and changes in product mix increased sales by $9 million, or 2%, $7 million, and $6 million, respectively.

Gross profit increased $6 million during the current quarter compared to the prior year quarter. Changes in volume and product mix increased gross profit by $5 million and $4 million, respectively. Higher raw materials costs more than offset favorable pricing to decrease gross profit by $4 million, while the acquisitions of Oil Can Henry's and Time-It Lube combined to increase gross profit by $1 million. In total, gross profit margin decreased 1.5 percentage points as compared to the prior year quarter to 38.5%.

Selling, general and administrative expenses increased $5 million during the current quarter as compared to the prior year quarter, primarily due to $3 million of increased corporate resource costs and a $2 million tax reserve. Equity and other income remained consistent with the prior year quarter.

Operating income totaled $106 million in the current quarter as compared to $105 million in the prior year quarter. EBITDA remained consistent at $115 million in the current quarter, while EBITDA margin decreased 1.6 percentage points during the current quarter to 22.4%.

Fiscal 2017 year-to-date compared to fiscal 2016 year-to-date

Valvoline’s sales increased $67 million to $1,003 million in the current period. Higher volume increased sales by $36 million, or 4%, as lubricant gallons sold increased to 88.1 million. The acquisitions increased sales by $21 million, or 2%. Changes in product mix increased sales by $13 million. These increases were partially offset by lower product pricing and unfavorable foreign currency exchange which decreased sales by $2 million and $1 million, respectively.

Gross profit increased $16 million during the current period compared to the prior year period. Changes in volume and product mix increased gross profit by $11 million and $7 million, respectively. Higher raw material costs and unfavorable pricing combined to decrease gross profit by $7 million, while the acquisitions increased gross profit by $5 million. In total, gross profit margin decreased 1.0 percentage points as compared to the prior year period to 38.2%.

Selling, general and administrative expenses increased $12 million during the current period as compared to the prior year period, primarily due to increased corporate resource costs of $5 million, a $2 million tax reserve, and employee cost increases of $2 million. Additional expenses of $2 million resulted from acquisitions. Equity and other income increased $4 million compared with the prior year period, primarily due to increased other income.

Operating income totaled $205 million in the current period as compared to $197 million in the prior year period. EBITDA increased $7 million to $223 million in the current period, while EBITDA margin decreased 0.9 percentage points during the current period to 22.2%.

EBITDA and Adjusted EBITDA reconciliation

The following EBITDA presentation for the three and six months ended March 31, 2017 and 2016 is provided as a means to enhance the understanding of financial measurements that Ashland has internally determined to be relevant measures of comparison for the results of Valvoline. There were no unusual or key items that affected comparability for EBITDA during the current and prior year quarters or periods.

	Three months ended March 31		Six months ended March 31	
(In millions)	2017	2016	2017	2016
Operating income	$ 106	$ 105	$ 205	$ 197
Depreciation and amortization	9	10	18	19
EBITDA	$ 115	$ 115	$ 223	$ 216

Unallocated and other

The following table summarizes the key components of the Unallocated and other segment's operating income (loss) for the three and six months ended March 31, 2017 and 2016.

	Three months ended March 31		Six months ended March 31	
(In millions)	2017	2016	2017	2016
Pension and other postretirement net periodic income (excluding service cost)	$ 17	$ 20	$ 35	$ 40
Gain (loss) on pension and other postretirement plan remeasurements	—	(23)	10	(23)
Restructuring activities (includes separation and severance costs)	(26)	(16)	(54)	(22)
Environmental expense for divested businesses	(4)	(11)	(8)	(16)
Legal reserve	—	(5)	(5)	(15)
Other expense	(7)	(8)	(8)	(9)
Total expense	$ (20)	$ (43)	$ (30)	$ (45)

March 2017 quarter compared to March 2016 quarter

Unallocated and other recorded expense of $20 million and $43 million for the three months ended March 31, 2017 and 2016, respectively. Unallocated and other includes pension and other postretirement net periodic costs and income that have not been allocated to reportable segments. These include interest cost, expected return on assets and amortization of prior service credit as these items are considered financing activities managed at the corporate level, as opposed to service costs which are allocated to reportable segments. The recurring pension and other postretirement components in Unallocated and other resulted in income during the current and prior year quarter of $17 million and $20 million, respectively. The change in pension and other postretirement income in the current quarter is primarily driven by changes in the discount rate and other actuarial assumptions compared to the prior year quarter. The prior year quarter also included a loss of $23 million related to pension and other postretirement plan remeasurements, which consisted of the net impact of a curtailment gain of $110 million due to the prior year quarter plan amendments and an actuarial loss of $133 million resulting from the change in discount rates and asset values. See Note J of the Notes to Condensed Consolidated Financial Statements for further discussion on the prior year quarter remeasurements.

The remaining unallocated items for the current quarter primarily included $26 million of costs incurred related to the Valvoline separation and $4 million for environmental reserve adjustments. In the prior year quarter, unallocated costs also primarily included $12 million of costs incurred related to the Valvoline separation, $11 million for environmental reserve adjustments, $5 million for a legal reserve, and $4 million of restructuring charges related to office buildings.

Fiscal 2017 year-to-date compared to fiscal 2016 year-to-date

Unallocated and other recorded expense of $30 million and $45 million for the six months ended March 31, 2017 and 2016, respectively. Recurring pension and other postretirement components in Unallocated and other resulted in income during the current and prior year period of $35 million and $40 million, respectively. The change in pension and other postretirement income in the current period is primarily driven by changes in the discount rate and other actuarial assumptions compared to the prior year period. The current period also included a $10 million gain on the remeasurement of certain post-employment health and life insurance benefit plans that were discontinued. As discussed above within the quarterly analysis, the prior year period also included remeasurement losses of $23 million. See Note J of the Notes to Condensed Consolidated Financial Statements for further discussion on the current and prior year periods' remeasurements.

The remaining unallocated items for the current period primarily included $54 million of costs incurred related to the Valvoline separation, $8 million for environmental reserve adjustments, and $5 million of expense for a legal reserve. The remaining unallocated items during the prior year period primarily included expense of

$18 million of costs incurred related to the Valvoline separation, $16 million for environmental reserve adjustments, $15 million for a legal reserve, and $4 million of restructuring charges related to office buildings.

FINANCIAL POSITION

Liquidity

Ashland had $605 million in cash and cash equivalents as of March 31, 2017, of which $448 million was held by foreign subsidiaries and had no significant limitations that would prohibit remitting the funds to satisfy corporate obligations. However, if such amounts were repatriated to the United States, additional taxes would likely need to be accrued and paid depending on the source of the earnings remitted. Ashland currently has no plans to repatriate any amounts for which additional U.S. taxes would need to be accrued.

Ashland's cash flows from operating, investing and financing activities, as reflected in the Statements of Condensed Consolidated Cash Flows, are summarized as follows for the six months ended March 31, 2017 and 2016.

	Six months ended March 31	
(In millions)	2017	2016
Cash provided (used) by:		
Operating activities from continuing operations	$ 62	$ 250
Investing activities from continuing operations	(141)	(124)
Financing activities from continuing operations	(475)	(217)
Discontinued operations	(21)	(19)
Effect of currency exchange rate changes on cash and cash equivalents	(8)	(11)
Net decrease in cash and cash equivalents	$ (583)	$ (121)

Operating activities

The following discloses the cash flows associated with Ashland's operating activities for the six months ended March 31, 2017 and 2016.

	Six months ended March 31	
(In millions)	2017	2016
Cash flows provided (used) by operating activities from continuing operations		
Net income	$ 115	$ 176
Loss (income) from discontinued operations (net of tax)	(3)	2
Adjustments to reconcile income from continuing operations to cash flows from operating activities		
Depreciation and amortization	153	168
Original issue discount and debt issuance cost amortization	98	6
Deferred income taxes	1	1
Equity income from affiliates	(7)	(8)
Distributions from equity affiliates	4	9
Stock based compensation expense	12	17
Gain on early retirement of debt	(3)	—
Gain on available-for-sale securities	(7)	(4)
Net loss on divestitures	1	—
Pension contributions	(14)	(15)
Loss (gain) on pension and other postretirement plan remeasurements	(10)	23
Change in operating assets and liabilities (a)	(278)	(125)
Total cash flows provided by operating activities from continuing operations	$ 62	$ 250

(a) Excludes changes resulting from operations acquired or sold.

Cash flows generated from operating activities from continuing operations, a major source of Ashland’s liquidity, amounted to cash inflows of $62 million and $250 million in the current and prior year periods, respectively. The cash results during each period are primarily driven by net income, excluding discontinued operation results, adjusted for certain non-cash items including depreciation and amortization (including original issue discount and debt issuance cost amortization), losses and gains on divestitures as well as changes in working capital, which are fluctuations within accounts receivable, inventory, trade payables and accrued expenses. Ashland continues to emphasize working capital management as a high priority and focus.

Changes in net working capital accounted for outflows of $155 million and $98 million for the six months ended March 31, 2017 and 2016, respectively, and were driven by the following:

- Accounts receivable - The current period had a cash outflow of $66 million compared to a cash inflow of $27 million during the prior year period. The cash outflow during the current period is primarily due to higher sales compared to the prior year period.
- Inventory - The cash outflows of $8 million and $9 million during the current and prior year periods, respectively, were primarily due to sales volumes and inventory management strategies.
- Trade and other payables - The cash outflows of $81 million and $116 million during the current and prior year periods, respectively, were primarily driven by seasonal declines in trade payables, and incentive compensation payouts to employees and certain Valvoline separation payments from the prior year paid during the first quarter of the fiscal year.

The remaining outflows of $123 million and $27 million in the current and prior year periods, respectively, relate primarily to adjustments to certain accruals and long term assets and liabilities as well as income taxes received and paid.

Operating cash flows for the current period included income from continuing operations of $112 million and noncash adjustments of $153 million for depreciation and amortization and $98 million for original issue discount and debt issuance cost amortization, including $92 million of accelerated accretion related to the Tender Offer of the 2029 notes.

Operating cash flows for the prior year period included income from continuing operations of $178 million and noncash adjustments of $168 million for depreciation and amortization, $23 million related to the losses on the pension and other postretirement plan remeasurements, and $6 million for debt issuance cost amortization.

Investing activities

The following discloses the cash flows associated with Ashland’s investing activities for the six months ended March 31, 2017 and 2016.

	Six months ended March 31	
(In millions)	2017	2016
Cash flows provided (used) by investing activities from continuing operations		
Additions to property, plant and equipment	$ (104)	$ (103)
Proceeds from disposal of property, plant and equipment	1	3
Purchase of operations - net of cash acquired	(48)	(66)
Proceeds (uses) from sale of operations or equity investments	(1)	12
Net purchase of funds restricted for specific transactions	(2)	—
Reimbursements from restricted investments	12	23
Purchases of available-for-sale securities	(19)	(4)
Proceeds from sales of available-for-sale securities	19	4
Proceeds from the settlement of derivative instruments	4	7
Payments for the settlement of derivative instruments	(3)	—
Total cash flows used by investing activities from continuing operations	$ (141)	$ (124)

Cash used by investing activities was $141 million and $124 million for the current and prior year periods, respectively. The significant cash investing activities for the current and prior year periods primarily related to cash outflows from property additions of $104 million and $103 million, respectively. The current period included a $48 million cash outflow related to the purchase of Time-It Lube and a $12 million cash inflow for reimbursements from the restrictive renewable annual trust established as a result of the January 2015 asbestos insurance settlement.

The prior year period included a net cash outlay of $66 million for the purchase of operations. This outflow primarily consisted of $60 million related to the acquisition of Oil Can Henry's. The prior year period also included reimbursements of $23 million from the restrictive renewable annual trust established as a result of the January 2015 asbestos insurance settlement and proceeds from the settlement of derivative instruments of $7 million.

Financing activities

The following discloses the cash flows associated with Ashland’s financing activities for the six months ended March 31, 2017 and 2016.

	Six months ended March 31	
(In millions)	2017	2016
Cash flows provided (used) by financing activities from continuing operations		
Repayment of long-term debt	$ (337)	$ (36)
Premium on long-term debt repayment	(5)	—
Proceeds (repayment) from short-term debt	(75)	368
Repurchase of common stock	—	(500)
Debt issuance costs	(4)	—
Cash dividends paid	(48)	(48)
Distributions to noncontrolling interest	(4)	—
Excess tax benefits related to share-based payments	(2)	(1)
Total cash flows used by financing activities from continuing operations	$ (475)	$ (217)

Cash used by financing activities was $475 million for the current period as compared to $217 million for the prior year period. Significant cash financing activities for the current period included cash outflows of $337 million related to the repayments of a portion of the 2029 notes, 2022 notes, 2018 notes and 2016 term loan facility. See further discussion regarding financing activities within the "Key Developments" section of Management's Discussion and Analysis herein. Additionally, the current period included short-term debt net repayments of $75 million, primarily related to the repayment of the $150 million term loan due 2017 partially offset by the issuance of the Valvoline 2017 accounts receivable securitization of $75 million. The current period included cash dividends paid of $0.78 per share, for a total of $48 million.

Significant cash financing activities for the prior year period included a cash outflow of $500 million for the repurchase of common stock and cash inflows of $368 million primarily related to the debt outstanding under the 2015 revolving credit facility and the accounts receivable securitization facility. Additionally, the prior year period included cash dividends paid of $0.78 per share, for a total of $48 million, and the repayment of long-term debt of $36 million, primarily related to the 2015 term loan facility and the repayment of acquired debt from Oil Can Henry's.

The following discloses the cash flows associated with Ashland's discontinued operations for the six months ended March 31, 2017 and 2016.

	Six months ended March 31	
(In millions)	2017	2016
Cash used by discontinued operations		
Operating cash flows	$ (21)	$ (19)
Investing cash flows	—	—
Total cash used by discontinued operations	$ (21)	$ (19)

Cash flows for discontinued operations for both periods relate to other previously divested businesses, including net payments of asbestos and environmental liabilities. The current and prior year periods included $5 million and $4 million, respectively, of cash receipts related to asbestos settlements with certain insurers.

Free cash flow and other liquidity resources

The following represents Ashland's calculation of free cash flow for the disclosed periods. Free cash flow does not reflect adjustments for certain non-discretionary cash flows such as mandatory debt repayments.

	Six months ended March 31	
(In millions)	2017	2016
Cash flows provided by operating activities from continuing operations	$ 62	$ 250
Adjustments:		
Additions to property, plant and equipment	(104)	(103)
Free cash flows	$ (42)	$ 147

At March 31, 2017, working capital (current assets minus current liabilities, excluding long-term debt due within one year) amounted to $1,356 million, compared to $1,669 million at September 30, 2016. Ashland's working capital is affected by its use of the LIFO method of inventory valuation that valued inventories below their replacement costs by $27 million at March 31, 2017 and $29 million at September 30, 2016. Liquid assets (cash, cash equivalents and accounts receivable) amounted to 152% and 171% of current liabilities at March 31, 2017 and September 30, 2016, respectively.

The following summary reflects Ashland's cash and unused borrowing capacity as of March 31, 2017 and September 30, 2016.

(In millions)	March 31 2017	September 30 2016
Cash and cash equivalents	$ 605	$ 1,188
Unused borrowing capacity		
2015 Revolving credit facility	$ 748	$ 742
2016 Revolving credit facility (a)	436	435
2012 Accounts receivable securitization facility	99	80
2017 Accounts receivable securitization facility (a)	50	—

(a) The 2016 revolving credit facility and 2017 accounts receivable securitization facility were executed by Valvoline in connection with the separation process.

Total borrowing capacity remaining under Ashland's 2015 revolving credit facility was $748 million, which is net of $52 million for letters of credit outstanding at March 31, 2017. At March 31, 2017, the total borrowing capacity remaining under Valvoline's 2016 revolving credit facility was $436 million, which is net of $14 million for letters of credit outstanding. In total, Ashland's available liquidity position (including Valvoline), which includes cash, the revolving credit facilities and the accounts receivable securitization facilities, was $1,938 million at March 31, 2017, compared to $2,445 million at September 30, 2016.

Capital resources

Debt

The following summary reflects Ashland's debt as of March 31, 2017 and September 30, 2016.

(In millions)	March 31 2017	September 30 2016
Short-term debt	$ 95	$ 170
Long-term debt (including current portion and debt issuance cost discounts) (a)	2,828	3,074
Total debt	$ 2,923	$ 3,244

(a) Includes $27 million and $29 million of debt issuance cost discounts as of March 31, 2017 and September 30, 2016, respectively.

The current portion of long-term debt was $16 million and $19 million at March 31, 2017 and September 30, 2016, respectively. Debt as a percent of capital employed was 48% at March 31, 2017 and 51% at September 30, 2016. At March 31, 2017, Ashland's total debt had an outstanding principal balance of $3,003 million, discounts of $53 million, and debt issuance costs of $27 million. The scheduled aggregate maturities of long-term debt by year (including the current portion and excluding debt issuance costs) are as follows: $8 million remaining in 2017, $674 million in 2018, $35 million in 2019, $30 million in 2020 and $210 million in 2021.

Ashland Financing Activities

6.50% junior subordinated notes due 2029

In December 2016, Hercules LLC (Hercules) (formerly Hercules Incorporated), an indirect wholly-owned subsidiary of Ashland, repurchased, through a cash tender offer (the Tender Offer), $182 million of the aggregate principal par value amount of its 6.50% junior subordinated notes due 2029 (2029 notes) for an aggregate purchase price of $177 million. As a result of the Tender Offer, the carrying value of the 2029 notes was reduced by $90 million and Ashland recognized a $92 million charge related to accelerated accretion of the recorded debt discount (compared to the total par value) and $5 million of a net gain related to the repayment of the debt. The charge and net gain are included in the net interest and other financing expense caption of the Statements of Consolidated Comprehensive Income for the six months ended March 31, 2017.

Open market repurchases of 4.750% notes due 2022 and 3.875% notes due 2018

During the first quarter of 2017, Ashland executed open market repurchases of its 4.750% notes due 2022 (2022 notes) and its 3.875% notes due 2018 (2018 notes). As a result of these repurchases, the carrying values of the 2022 notes and 2018 notes were reduced by $39 million and $41 million, respectively. Ashland recognized a $3 million charge related to premiums paid in the open market repurchases and accelerated amortization of previously capitalized debt issuance costs, which is included in the net interest and other financing expense caption of the Statements of Consolidated Comprehensive Income for the six months ended March 31, 2017.

Subsidiary senior unsecured term loan

During August 2016, a wholly owned foreign subsidiary of Ashland entered into a credit agreement which provided for an aggregate principal amount of $150 million in a senior unsecured term loan facility. This term loan was drawn in full as of September 30, 2016 and was fully repaid during the six months ended March 31, 2017.

Accounts receivable securitization

During the December 2015 quarter, the Transfer and Administration Agreement was amended to extend the termination date of the accounts receivable securitization facility from December 31, 2015 to March 22, 2017. During the March 2017 quarter, this facility was extended for an additional year with similar terms as the previous facility agreement. No other changes to the agreement within the current or prior year amendments are expected to have a significant impact to Ashland's results of operations and financial position.

Ashland credit ratings

Standard & Poor's ratings are BB, while Moody's Investor Services are Ba2. Moody's Investor Services and Standard & Poor's outlooks remained at stable. Subsequent changes to these ratings may have an effect on Ashland's borrowing rate or ability to access capital markets in the future.

Ashland debt covenant restrictions

The 2015 Senior Credit Agreement contains usual and customary representations, warranties and affirmative and negative covenants, including financial covenants for leverage and interest coverage ratios, limitations on liens, additional subsidiary indebtedness, restrictions on subsidiary distributions, investments, mergers, sale of assets and restricted payments and other customary limitations. As of March 31, 2017, Ashland is in compliance with all debt agreement covenant restrictions under the 2015 Senior Credit Agreement.

The 2015 Senior Credit Agreement defines the consolidated leverage ratio as the ratio of consolidated indebtedness minus cash and cash equivalents to consolidated EBITDA (Covenant Adjusted EBITDA) for any measurement period. In general, the 2015 Senior Credit Agreement defines Covenant Adjusted EBITDA as net income plus consolidated interest charges, taxes, depreciation and amortization expense, fees and expenses related to capital market transactions, restructuring and integration charges, noncash stock and equity compensation expense, and any other nonrecurring expenses or losses that do not represent a cash item in such period or any future period; less any noncash gains or other items increasing net income. The computation of Covenant Adjusted EBITDA differs from the calculation of EBITDA and Adjusted EBITDA, which have been reconciled previously on pages 51 and 52. In general, consolidated indebtedness includes debt plus all purchase money indebtedness, banker’s acceptances and bank guaranties, deferred purchase price of property or services, attributable indebtedness and guarantees. The maximum consolidated leverage ratio permitted under the 2015 Senior Credit Agreement during its remaining duration is 3.50.

The 2015 Senior Credit Agreement defines the consolidated interest coverage ratio as the ratio of Covenant Adjusted EBITDA to consolidated interest charges for any measurement period. The minimum required consolidated interest coverage ratio under the 2015 Senior Credit Agreement during its entire duration is 3.0.

At March 31, 2017, Ashland’s calculation of the consolidated leverage ratio was 3.1, which is below the maximum consolidated leverage ratio permitted under the 2015 Senior Credit Agreement of 3.50. At March 31, 2017, Ashland’s calculation of the consolidated interest coverage ratio was 4.5, which exceeds the minimum required ratio of 3.0. Any change in Covenant Adjusted EBITDA of $100 million would have an approximate 0.5x effect on the consolidated leverage ratio and a 0.8x effect on the consolidated interest coverage ratio. Any change in consolidated indebtedness of $100 million would affect the consolidated leverage ratio by approximately 0.2x.

Valvoline Financing Activities

Accounts receivable securitization

In November 2016, Valvoline entered into the 2017 accounts receivable securitization facility pursuant to (i) a Sale Agreement, between Valvoline and Lex and (ii) a Transfer and Administration Agreement, among Lex, Valvoline, as Master Servicer, a certain Conduit Investor, Uncommitted Investor, and Letter of Credit Issuer, certain Managing Agents, Administrators and Committed Investors, and the Agent.

Under the Sale Agreement, Valvoline will sell, on an ongoing basis, substantially all of its accounts receivable, certain related assets and the right to the collections on those accounts receivable to Lex. Under the terms of the Transfer and Administration Agreement, Lex may, from time to time, obtain up to $125 million (in the form of cash or letters of credit for the benefit of Valvoline) from Investors through the sale of an undivided interest in such accounts receivable, related assets and collections. The Transfer and Administration Agreement has a term of one year but is extendable at the discretion of the Investors. Valvoline accounts for the 2017 accounts receivable securitization facility as secured borrowings, and the receivables sold pursuant to the facility are included in Ashland's Condensed Consolidated Balance Sheet as accounts receivable. Valvoline classifies any borrowings under this facility as short-term debt within Ashland's Condensed Consolidated Balance Sheet.

During the first quarter of 2017, Valvoline borrowed $75 million under the 2017 accounts receivable securitization facility and used the net proceeds to repay an equal amount of the 2016 term loan facility. As a result, Valvoline recognized a $1 million charge related to the accelerated amortization of previously capitalized debt issuance costs, which is included in the net interest and other financing expense caption of the Statements of Consolidated Comprehensive Income for the six months ended March 31, 2017.

Valvoline credit ratings

Valvoline Inc.'s rating by Standard & Poor's remained at BB, while Moody's Investor Services rating remained as Ba2. Standard & Poor and Moody's Investor Services' outlook remained at stable. Subsequent changes to these ratings are possible and may have an effect on Valvoline's borrowing rate or ability to access capital markets in the future.

Valvoline debt covenant restrictions

The Valvoline Credit Agreement contains usual and customary representations and warranties, and usual and customary affirmative and negative covenants, including limitations on liens, additional indebtedness, investments, restricted payments, asset sales, mergers, affiliate transactions and other customary limitations, as well as financial covenants (including maintenance of a maximum consolidated leverage ratio and a minimum consolidated interest coverage ratio) and other customary limitations. As of March 31, 2017, Valvoline Inc. was in compliance with all debt agreement covenant restrictions and financial covenants.

The Valvoline Credit Agreement defines the consolidated leverage ratio as the ratio of consolidated indebtedness minus unrestricted cash and cash equivalents to consolidated EBITDA (Covenant Adjusted EBITDA) for any measurement period. In general, the Valvoline Credit Agreement defines Covenant Adjusted EBITDA as net income plus consolidated interest charges, taxes, depreciation and amortization expense, fees and expenses related to capital market transactions, restructuring and integration charges, noncash stock and equity compensation expense, and any other nonrecurring expenses or losses that do not represent a cash item in such period or any future period; less any noncash gains or other items increasing net income. The maximum consolidated leverage ratio permitted under the Valvoline Credit Agreement is 4.5.

The Valvoline Credit Agreement defines the consolidated interest coverage ratio as the ratio of Covenant Adjusted EBITDA to consolidated interest charges for any measurement period. The minimum required consolidated interest coverage ratio under the Valvoline Credit Agreement during its entire duration is 3.0.

At March 31, 2017, Valvoline's calculation of the consolidated leverage ratio was 1.4, which is below the maximum consolidated leverage ratio permitted under the Valvoline Credit Agreement of 4.5. At March 31, 2017, Valvoline's calculation of the consolidated interest coverage ratio was 13.5, which exceeds the minimum required consolidated ratio of 3.0. Any change in Covenant Adjusted EBITDA of $100 million would have an approximate 0.3x effect on the consolidated leverage ratio and a 3.0x effect on the consolidated interest coverage ratio. Any change in consolidated indebtedness of $100 million would affect the consolidated leverage ratio by approximately 0.2x.

Additional capital resources

Cash projection

Ashland projects that cash flow from operations and other available financial resources, such as cash on hand and revolving credit, should be sufficient to meet investing and financing requirements to enable Ashland to comply with the covenants and other terms of its financing obligations. These projections are based on various assumptions that include, but are not limited to: operational results, working capital cash generation, capital expenditures, divestitures and acquisitions, pension funding requirements and tax payments and receipts.

Total equity

Total equity decreased $22 million since September 30, 2016 to $3,143 million at March 31, 2017. At March 31, 2017, total equity also includes an amount for noncontrolling interest, which reflects the outside stockholders’ interest in Valvoline Inc. At March 31, 2017, Ashland maintains an approximately 83% ownership interest in Valvoline Inc., while the remaining approximately 17% ownership of Valvoline Inc. is held by outside stockholders.

The decrease of $22 million was primarily due to $86 million related to deferred translation losses, regular cash dividends of $48 million, $4 million for dividend distributions to noncontrolling interest, $4 million related to pension and other postretirement obligations, and $1 million for common shares issued under stock incentive and other plans. These decreases were partially offset by $91 million of net income attributable to Ashland, $24 million of net income attributable to the noncontrolling interest in Valvoline Inc., and $6 million of a net change in the gain on available-for-sale securities as of March 31, 2017.

Stock repurchase program

In April 2015, Ashland's Board of Directors approved a $1 billion share repurchase authorization that will expire on December 31, 2017 (the 2015 stock repurchase program). This authorization allows for Ashland’s common shares to be repurchased in open market transactions, privately negotiated transactions or pursuant to one or more accelerated stock repurchase programs or Rule 10b5-1 plans. The following summarizes the stock repurchases under the 2015 stock repurchase program.

In November 2015, under the 2015 stock repurchase program, Ashland announced that it entered into an accelerated share repurchase agreement (2016 ASR Agreement) with Goldman, Sachs & Co. Under the 2016 ASR Agreement, Ashland paid an initial purchase price of $500 million and received an initial delivery of approximately 3.9 million shares of common stock during November 2015. In February 2016, Goldman, Sachs & Co. exercised their early termination option under the 2016 ASR Agreement and the pricing period was closed. The settlement price, which represents the weighted average price of Ashland's common stock over the pricing period less a discount, was $99.01 per share. Based on this settlement price, the final number of shares repurchased by Ashland that were delivered by Goldman, Sachs & Co. under the 2016 ASR Agreement was 5.1 million shares. Ashland received the additional 1.2 million shares during the March 2016 quarter to settle the difference between the initial share delivery and the total number of shares repurchased. After the 2016 ASR Agreement, $500 million of share repurchase authorization remains under the 2015 stock repurchase program.

Cash dividends

In May 2015, the Board of Directors of Ashland announced a quarterly cash dividend increase to 39 cents per share to eligible shareholders of record. This amount was paid for quarterly dividends in the first and second quarters of fiscal 2017 and each quarter of fiscal 2016.

In November 2016, the Board of Directors of Valvoline Inc. announced a quarterly cash dividend of 4.9 cents per share to eligible shareholders of record. This was Valvoline Inc.'s first dividend declaration and the amount was paid for quarterly dividends during the first and second quarters of fiscal 2017. Since Ashland owns approximately 83% of Valvoline Inc., the net cash outflow of $4 million was payments made to the remaining 17% of shareholders outstanding and is included within the Statements of Condensed Consolidated Cash Flows for the six months ended March 31, 2017.

Capital expenditures

Capital expenditures were $104 million for the six months ended March 31, 2017 and averaged $271 million during the last three fiscal years.

Contractual obligations and commitments

Ashland expects to incur certain costs as a result of the separation, including those that are contingent upon the completion of the separation. Ashland will recognize these costs when appropriate based on applicable U.S. GAAP requirements.

CRITICAL ACCOUNTING POLICIES

The preparation of Ashland's Condensed Consolidated Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, sales and expenses, and the disclosures of contingent assets and liabilities. Significant items that are subject to such estimates and assumptions include, but are not limited to, long-lived assets (including goodwill and other intangible assets), employee benefit obligations, income taxes, other liabilities and receivables associated with asbestos litigation and environmental remediation. These accounting policies are discussed in detail in "Management's Discussion and Analysis – Critical Accounting Policies" in Ashland's Annual Report on Form 10-K for the fiscal year ended September 30, 2016. Although management bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, actual results could differ significantly from the estimates under different assumptions or conditions. Management has reviewed the estimates affecting these items with the Audit Committee of Ashland's Board of Directors. No material changes have been made to the valuation techniques during the six months ended March 31, 2017.

OUTLOOK

Amid the larger-than-expected negative impact of raw material cost and currency that emerged in the second quarter, Specialty Ingredients is continuing to take action to offset these costs through cost discipline and commercial excellence initiatives such as value-based pricing. For the third quarter of fiscal year 2017, Specialty Ingredients sales are expected to be in the range of $535 million to $565 million. Adjusted EBITDA in the third quarter of fiscal year 2017 is expected to be in the range of $123 million to $133 million, versus $128 million in the year-ago quarter. Ashland anticipates closing the Pharmachem acquisition in the June quarter. With the addition of Pharmachem's related income, Ashland expects Specialty Ingredients Adjusted EBITDA for fiscal 2017 to be in the range of $485 million to $500 million, despite the impact from raw material inflation and foreign currency. This outlook for Specialty Ingredients Adjusted EBITDA excludes any Pharmachem related income in the third quarter but includes an estimated $10 million to $15 million from Pharmachem in the fourth quarter.

Performance Materials expects sales to be in the range of $260 million to $280 million for the third quarter of fiscal 2017. Adjusted EBITDA is expected to be in the range of $27 million to $33 million in the third quarter of fiscal 2017, versus $30 million in the year-ago quarter, which reflects the impact of price increases offsetting raw material inflation. For fiscal 2017, Performance Materials is raising its outlook for Adjusted EBITDA to a range of $100 million to $110 million, reflecting positive price and volume in both Composites and Intermediates/Solvents.

For the third quarter of fiscal 2017, Ashland expects an adjusted annual effective tax rate of 10 percent to 15 percent, reflecting Ashland's global business and the separation of Valvoline.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Ashland's market risk exposure at March 31, 2017 is generally consistent with the types and amounts of market risk exposures presented in Ashland's Annual Report on Form 10-K for the fiscal year ended September 30, 2016.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures - As of the end of the period covered by this quarterly report, Ashland, under the supervision and with the participation of its management, including Ashland's Chief Executive Officer and its Chief Financial Officer, evaluated the effectiveness of Ashland's disclosure controls and procedures pursuant to Rule 13a-15(b) and 15d-15(b) promulgated under the Securities Exchange Act of 1934, as amended. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective as of March 31, 2017.

Changes in Internal Control over Financial Reporting - During the three months ended March 31, 2017, there were no significant changes in Ashland's internal control over financial reporting, or in other factors, that occurred during the period covered by this quarterly report that have materially affected, or are reasonably likely to materially affect, Ashland's internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The following is a description of Ashland's material legal proceedings.

Asbestos-Related Litigation

Ashland is subject to liabilities from claims alleging personal injury caused by exposure to asbestos. Such claims result primarily from indemnification obligations undertaken in 1990 in connection with the sale of Riley Stoker Corporation (Riley), a former subsidiary. Although Riley was neither a producer nor a manufacturer of asbestos, its industrial boilers contained some asbestos-containing components provided by other companies.

Hercules LLC (formerly Hercules Incorporated), an indirect wholly-owned subsidiary of Ashland, is also subject to liabilities from asbestos-related personal injury lawsuits involving claims which typically arise from alleged exposure to asbestos fibers from resin encapsulated pipe and tank products which were sold by one of Hercules' former subsidiaries to a limited industrial market.

Ashland and Hercules are also defendants in lawsuits alleging exposure to asbestos at facilities formerly or presently owned or operated by Ashland or Hercules.

For additional detailed information regarding liabilities arising from asbestos-related litigation, see Note K of Notes to Condensed Consolidated Financial Statements in this quarterly report on Form 10-Q.

Environmental Proceedings

(a) CERCLA and Similar State Law Sites – Under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 and similar state laws, Ashland and its subsidiaries may be subject to joint and several liability for cleanup costs in connection with alleged releases of hazardous substances at sites where it has been identified as a "potentially responsible party" (PRP). As of March 31, 2017, Ashland and its subsidiaries have been identified as a PRP by U.S. federal and state authorities, or by private parties seeking contribution, for the cost of environmental investigation and/or cleanup at 84 waste treatment or disposal sites. These sites are currently subject to ongoing investigation and remedial activities, overseen by the United States Environmental Protection Agency (USEPA) or a state agency, in which Ashland or its subsidiaries are typically participating as a member of a PRP group. Generally, the types of relief sought include remediation of contaminated soil and/or groundwater, reimbursement for past costs of site cleanup and administrative oversight and/or long-term monitoring of environmental conditions at the sites. The ultimate costs are not predictable with assurance.

(b) Hattiesburg, Mississippi Resource Conservation and Recovery Act Matter – In November 2008, the Mississippi Department of Environmental Quality (MDEQ) issued a Notice of Violation to Hercules' now-closed Hattiesburg, Mississippi manufacturing facility alleging that a process water impoundment basin at the facility had been operated as a hazardous waste storage and treatment facility without a permit in violation of the Resource Conservation and Recovery Act. In May 2011, the USEPA issued an inspection report from a September 2010 inspection with allegations similar to those of the MDEQ and promulgated an information request. Ashland has been working with the MDEQ and USEPA to settle this matter in the context of the shutdown and ongoing remediation of the Hattiesburg facility. The USEPA proposed a settlement penalty in excess of $100,000. While it is reasonable to believe that this matter will involve a penalty from the MDEQ and/or the USEPA exceeding $100,000, the potential penalty with respect to this enforcement matter should not be material to Ashland.

(c) Lower Passaic River, New Jersey Matters – Ashland, through two formerly owned facilities, and ISP, through a now-closed facility, have been identified as PRPs, along with approximately 70 other companies (the Cooperating Parties Group or the CPG), in a May 2007 Administrative Order of Consent (AOC) with the USEPA. The parties are required to perform a remedial investigation and feasibility study (RI/FS) of the entire 17 miles of the Passaic River. In June 2007, the EPA separately commenced a Focused Feasibility Study (FFS) as an interim measure. In accordance with the 2007 AOC, in June 2012 the CPG voluntarily entered into another AOC for an interim removal action focused solely at mile 10.9 of the Passaic River. The allocations for the 2007 AOC and the 2012 removal action are based on interim allocations, are immaterial and have been accrued. In April 2014, the EPA released the FFS. The CPG submitted

the Draft RI/FS Report on April 30, 2015. The EPA has released the FFS Record of Decision for the lower 8 miles and recently reached an agreement with Occidental to conduct and pay for the remedial design. The EPA has advised that it will be working to secure similar agreements with other PRPs. The release of the FFS Record of Decision did not have a material adverse impact on Ashland's business and financial operations; however, there are a number of contingencies in the future that could possibly have a material impact including adverse rulings or verdicts, allocation proceedings and related orders.

For additional information regarding environmental matters and reserves, see Note K of Notes to Condensed Consolidated Financial Statements in this quarterly report on Form 10-Q.

Other Pending Legal Proceedings

In addition to the matters described above, there are other various claims, lawsuits and administrative proceedings pending or threatened against Ashland and its current and former subsidiaries. Such actions are with respect to commercial matters, product liability, toxic tort liability and other environmental matters which seek remedies or damages, some of which are for substantial amounts. While Ashland cannot predict with certainty the outcome of such actions, it believes that adequate reserves have been recorded and losses already recognized with respect to such actions were immaterial as of March 31, 2017. There is a reasonable possibility that a loss exceeding amounts already recognized may be incurred related to these actions; however, Ashland believes that such potential losses were immaterial as of March 31, 2017.

ITEM 1A. RISK FACTORS

During the period covered by this report, there were no material changes from the risk factors previously disclosed in Ashland's Annual Report on Form 10-K for the fiscal year ended September 30, 2016.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Share repurchase activity during the three months ended March 31, 2017 was as follows:

Issuer Purchases of Equity Securities

Q2 Fiscal Periods	Total Number of Shares Purchased		Average Price Paid Per Share, including commission	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in millions)(1)
January 1, 2017 to January 31, 2017:					$ 500
Employee Tax Withholdings	14,986	(2)	$ 111.56	—	
February 1, 2017 to February 28, 2017:					500
Employee Tax Withholdings	326	(2)	120.64	—	
March 1, 2017 to March 31, 2017:					500
Employee Tax Withholdings	8,604	(2)	120.66	—	
Total	23,916			—	$ 500

(1) In April 2015, the Company's Board of Directors authorized a program to repurchase up to $1 billion of the Company's stock, with the authorization expiring December 31, 2017. The Company's share repurchase program does not obligate it to acquire any specific number of shares. Under the program, shares may be repurchased in privately negotiated and/or open market transactions, including under plans complying with Rule 10b5-1 of the Exchange Act. As of March 31, 2017, $500 million remains available for repurchase under this authorization.

(2) Shares withheld from employees to cover their withholding requirements for personal income taxes related to the vesting of restricted stock.

ITEM 6. EXHIBITS

(a) Exhibits

10.1*	Ashland Global Holdings Inc. Non-Qualified Defined Contribution Plan, as amended.
10.2	Fourteenth Amendment dated as of March 21, 2017 to the Transfer and Administration Agreement dated as of August 31, 2012 among Ashland LLC, as Master Servicer, CVG Capital III LLC, as SPV, the Originators, the Investors, Letter of Credit Issuers, Managing Agents and Administrators party thereto, and The Bank of Nova Scotia, as agent for the Investors (filed as Exhibit 10.1 to Ashland's Form 8-K filed on March 27, 2017 (SEC File No. 333-211719), and incorporated herein by reference).
10.3*	Waiver and Amendment No. 3 dated as of April 5, 2017, to Credit Agreement, dated as of June 23, 2015, among Ashland LLC (as successor to Ashland Inc.), The Bank of Nova Scotia, as Administrative Agent, and an L/C Issuer, Citibank, N.A., as Syndication Agent, and the Lenders from time to time party thereto.
10.4*	Separation Agreement and General Release between Ashland and Luis Fernandez-Moreno dated February 28, 2017.
10.5*	Separation Agreement and General Release between Ashland and Gregory Elliott dated February 28, 2017.
10.6*	Confidentiality, Non-Competition and Non-Solicitation Agreement between Ashland and Luis Fernandez-Moreno dated February 28, 2017.
12*	Computation of Ratio of Earnings to Fixed Charges.
31.1*	Certificate of William A. Wulfsohn, Chief Executive Officer of Ashland pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certificate of J. Kevin Willis, Chief Financial Officer of Ashland pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32*	Certificate of William A. Wulfsohn, Chief Executive Officer of Ashland, and J. Kevin Willis, Chief Financial Officer of Ashland pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS**	XBRL Instance Document.
101.SCH**	XBRL Taxonomy Extension Schema Document.
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF**	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB**	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase Document.

*Filed herewith.

**Attached as Exhibit 101 to this report are the following documents formatted in XBRL (Extensible Business Reporting Language): (i) Statements of Consolidated Comprehensive Income for the three and six months ended March 31, 2017 and March 31, 2016; (ii) Condensed Consolidated Balance Sheets at March 31, 2017 and September 30, 2016; (iii) Statements of Consolidated Equity at March 31, 2017; (iv) Statements of Condensed Consolidated Cash Flows for the six months ended March 31, 2017 and March 31, 2016; and (v) Notes to Condensed Consolidated Financial Statements.

SM Service mark, Ashland or its subsidiaries, registered in various countries.

™ Trademark, Ashland or its subsidiaries, registered in various countries.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	Ashland Global Holdings Inc.
	(Registrant)
April 26, 2017	/s/ J. Kevin Willis
	J. Kevin Willis
	Senior Vice President and Chief Financial Officer (on behalf of the Registrant and as principal financial officer)

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*Filed herewith.
**Submitted electronically with this report.

Exhibit 10.1

ASHLAND GLOBAL HOLDINGS INC.
NONQUALIFIED DEFINED CONTRIBUTION PLAN

(Effective October 1, 2016)

ASHLAND GLOBAL HOLDINGS INC.
NONQUALIFIED DEFINED CONTRIBUTION PLAN

Article 1

PURPOSE AND EFFECTIVE DATE

1.1 Purpose. Ashland Global Holdings Inc. hereby establishes the Plan to provide benefits for certain employees that supplements the limitation on compensation imposed by Section 401(a)(17) of the Code (including successor provisions thereto) on the Savings Plan. It is intended that the Plan be maintained primarily for a select group of management or highly compensated employees and be exempt from the Employee Retirement Income Security Act of 1974, as amended.

1.2 Effective Date. The Plan is effective October 1, 2016.

Article 2

DEFINITIONS

Pronouns used in the Plan are in the masculine gender but include the feminine gender unless the context clearly indicates otherwise. Wherever used herein, the following terms have the meanings set forth below, unless a different meaning is clearly required by the context:

2.1 "**Account**" means an account established for the purpose of recording amounts credited on behalf of a Participant and any income, expenses, gains, losses or distributions included thereon. The Account shall be a bookkeeping entry only and shall be utilized solely as a device for the measurement and determination of the amounts to be paid to a Participant pursuant to the Plan. Separate Accounts shall be established for a Participant by Plan Year and by type of contribution to the Participant.

2.2 "**Ashland**" means Ashland LLC, a wholly-owned subsidiary of the Company.

2.3 "**Base Compensation**" means, with respect to each Plan Year, compensation paid to a Participant that is included in the definition of Compensation for deferral purposes in the Savings Plan without giving effect to any reduction required by Code Section 401(a)(17) and which is not Incentive Compensation.

2.4 "**Base Compensation Deferrals**" means, with respect to each Plan Year, Base Compensation that is deferred into the Deferred Compensation Plan.

2.5 "**Base Contribution**" means, with respect to each Plan Year, the Base Contribution as provided in Section 4.1.

2.6 "**Beneficiary**" means the Participant's estate.

2.7 "**Board**" means the Board of Directors of the Company.

2.8 "**Cause**", for Participants with a Change in Control agreement with the Employer, as defined by the Participant's Change in Control agreement; and for Participants without a Change in Control agreement, the willful and continuous failure of a Participant to substantially perform his or her duties to the Employer (other than any such failure resulting from incapacity due to physical or mental illness), or the willful engaging by a Participant in gross misconduct materially and demonstrably injurious to the Employer or the Company, each to be determined by the Company in its sole discretion.

2.9 "**Change in Control**" shall be deemed to have occurred if:

(1) there shall be consummated (A) any consolidation or merger of the Company (a "**Business Combination**"), other than a consolidation or merger of the Company into or with a direct or indirect wholly-owned subsidiary, as a result of which the shareholders of the Company own (directly or indirectly), immediately after the Business Combination, less than fifty percent (50%) of the then outstanding shares of common stock that are entitled to vote generally for the election of directors of the corporation resulting from such Business Combination, or pursuant to which shares of the Company's Common Stock would be converted into cash, securities or other property, other than a Business Combination in which the holders of the Company's Common Stock immediately prior to the Business Combination have substantially the same proportionate ownership of common stock of the surviving corporation immediately after the Business Combination, or (B) any sale, lease, exchange or transfer (in one transaction or a series of related transactions) of all or substantially all the assets of the Company, provided, however, that no sale, lease, exchange or other transfer of all or substantially all the assets of the Company shall be deemed to occur unless assets constituting at least eighty percent (80%) of the total assets of the Company are transferred pursuant to such sale, lease, exchange or other transfer;

(2) the shareholders of the Company shall approve any plan or proposal for the liquidation or dissolution of the Company;

(3) any Person shall become the Beneficial Owner of securities of the Company representing twenty percent (20%) or more of the combined voting power of the Company's then outstanding securities ordinarily (and apart from rights accruing in special circumstances) having the right to vote in the election of directors, as a result of a tender or exchange offer, open market purchases, privately-negotiated purchases or otherwise, without the approval of the Board; or

(4) at any time during a period of two (2) consecutive years, individuals who at the beginning of such period constituted the Board shall cease for any reason to constitute at least a majority thereof, unless the election or the nomination for election by the Company's shareholders of each new director during such two- (2-) year period was approved by a vote of at least two-thirds (2/3) of the directors then still in office who were directors at the beginning of such two- (2-) year period.

Notwithstanding the foregoing, a "Change in Control" shall not be deemed to have occurred by virtue of (1) the consummation of any transaction or series of integrated transactions immediately following which the record holders of the Common Stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions, (2) the repurchase by the Company of outstanding shares of Common Stock or other securities pursuant to a tender or exchange offer or (3) the Valvoline Spin-Off.

2.10 "**Code**" means the Internal Revenue Code of 1986, as amended.

2.11 "**Committee**" means the Personnel and Compensation Committee of the Board and its designees.

2.12 **“Company”** means Ashland Global Holdings Inc., and any successor thereto.

2.13 “**Deferred Compensation Plan**” means the Ashland Deferred Compensation Plan for Employees, as may be amended, and amended and restated, from time to time.

2.14 “**Disabled**” or “**Disability**” means a determination that the Participant is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Employer. A Participant also will be considered disabled if he is determined (a) to be totally disabled by the Social Security Administration, or (b) to be disabled in accordance with a disability insurance program, provided that the definition of disability applied under such disability insurance program complies with the requirements of Treasury Regulation Section 1.409A-3(i)(4). The Committee or its delegate shall determine whether a Participant has incurred a Disability.

2.15 “**Discretionary Contribution**” means, with respect to each Plan Year, the portion of the Employer Contribution as provided in Section 4.2(b).

2.16 “**Effective Date**” means October 1, 2016.

2.17 “**Eligible Employee**” means an employee of the Employer who is determined to be a member of a select group of management or highly compensated employees within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA, and who are classified in base salary and grades 21 and above.

2.18 “**Employer**” means the Company, Ashland and the present and future Related Entities that employ a Participant.

2.19 “**Employer Contribution**” means the Employer contributions provided in ARTICLE 4.

2.20 “**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended.

2.21 “**Excess Base Compensation**” means, with respect to each Plan Year, Base Compensation paid to a Participant that is included in the definition of Compensation in the Savings Plan but that is in excess of the limitation in Code Section 401(a)(17) and which is not Incentive Compensation.

2.22 “**Excess Base Compensation Deferrals**” means, with respect to each Plan Year, Excess Base Compensation that is deferred to the Deferred Compensation Plan other than Incentive Compensation Deferrals.

2.23 “**Identification Date**” means the date at which Key Employees are determined which shall be December 31st.

2.24 "**Incentive Compensation**" means, with respect to a Plan Year, bonuses paid to a Participant under any applicable incentive compensation plans that are excluded from the definition of "Compensation" in the Savings Plan and which is not Base Compensation.

2.25 "**Incentive Compensation Deferrals**" means Incentive Compensation that is deferred into the Deferred Compensation Plan.

2.26 "**Key Employee**" means a "specified employee" within the meaning of Code Section 409A(a)(2)(B)(i) who satisfies the conditions set forth in Section 8.3.

2.27 "**Matching Contribution**" means, with respect to each Plan Year, the portion of the Employer Contribution provided in Section 4.2(a).

2.28 "**Participant**" means an Eligible Employee who commences participation in the Plan in accordance with ARTICLE 3.

2.29 "**Period of Service**" means, except as otherwise provided in Section 4.2(b)(iv), a period of employment with the Employer commencing on the date an Employee works at least one hour for which the Employee is paid and ending on the date such Employee has a Separation from Service.

2.30 "**Plan**" means this Ashland Global Holdings Inc. Nonqualified Defined Contribution Plan effective October 1, 2016, and as amended from time to time.

2.31 "**Plan Year**" means each twelve (12) month period beginning January 1st and ending on December 31st, except for the first Plan Year that shall begin on the Effective Date and ends on December 31, 2016.

2.32 "**Related Entities**" means (a) any corporation that is a member of a controlled group of corporations as defined in Code Section 414(b) that includes the Company, and (b) any trade or business that is under "common control" as defined in Code Section 414(c) that includes the Company.

2.33 "**Savings Plan**" means the tax-qualified Ashland LLC Employee Savings Plan, as amended from time to time.

2.34 "**Separation from Service**" and "**Separated from Service**" means a Participant's termination of employment with the Employer for any reason, including death, that meets the requirements of the definition of "separation from service" set forth in Treasury Regulation Section 1.409A-1(h). For purposes of determining whether a Separation from Service has occurred, the twenty percent (20%) default threshold set forth in Treasury Regulation Section 1.409A-1(h)(1)(ii) shall be utilized.

2.35 "**Valuation Date**" means the last day of each calendar month during a Plan Year, or such other date or dates as determined by the Committee.

2.36 "**Valvoline Spin Off**" means the transaction or series of transactions initially approved by the board of directors of Ashland Inc. on September 16, 2015, intended to separate the Valvoline business from Ashland Inc.'s specialty chemical business and create two independent, publicly-traded companies.

Article 3

PARTICIPATION

3.1 Participation. Each Eligible Employee of the Employer shall be eligible for the Plan immediately.

3.2 Termination of Participation. The Employer may terminate a Participant's participation in the Plan, provided, however, any such termination at the direction of the Employer shall not take effect until the first day of the next Plan Year.

Article 4

EMPLOYER CONTRIBUTIONS

4.1 Base Contribution.

If a Participant has not Separated from Service in a Plan Year, a Participant's Account will be credited with a Base Contribution in an amount equal to four percent (4%) of the Participant's Incentive Compensation, Excess Base Compensation and Excess Base Compensation Deferrals for the Plan Year.

4.2 Other Employer Contributions.

(a) Matching Contribution. If a Participant has not Separated from Service in a Plan Year, a Participant's Account will be credited with a Matching Contribution in an amount equal to four percent (4%) of the Participant's Incentive Compensation, Excess Base Compensation and Excess Base Compensation Deferrals for the Plan Year.

(b) Discretionary Contributions. A Discretionary Contribution may be credited to one or more Participants' Accounts in an amount determined solely by the Employer for any Plan Year.

4.3 Crediting Employer Contributions. Each Participant shall be credited with the applicable Employer Contributions in accordance with this ARTICLE 4, as soon as administratively feasible following each Plan Year.

Article 5

PAYMENT SCHEDULE AND FORM OF PAYMENT

5.1 Payment Schedule and Form of Payment. Amounts credited to a Participant's Account shall be paid to the Participant in a lump sum on or within sixty (60) days following the Participant's Separation from Service other than for Cause (provided that if such sixty (60) day period begins in one calendar year and ends in the next calendar year, the Participant shall not designate the year of payment). Notwithstanding anything in the Plan to the contrary, a Participant who is a Key Employee shall not have the lump sum payment of such amounts credited to his Account until the first business day of the seventh month following his Separation from Service other than for Cause.

5.2 Death Before Payment. If a Participant dies prior to a Separation from Service for any other reason, the amount credited to the deceased Participant's Account as of his date of death shall be paid in a lump sum to the Participant's Beneficiary within sixty (60) days following the Participant's date of death (provided that if such sixty (60) day period begins in one calendar year and ends in the next calendar year, the Beneficiary shall not designate the calendar year of payment).

Article 6

ACCOUNTS AND CREDITS AND FUNDING

6.1 Contribution Credits to Account. A Participant's Account will be credited with the Employer Contributions credited on his behalf under ARTICLE 4.

6.2 Credits and Debits to Account. The Participant's Account shall be credited (or debited) on each Valuation Date with hypothetical income (or loss) based upon a hypothetical investment in any one or more of the hypothetical investment options available under the Plan, as prescribed by the Committee or its delegate. The crediting or debiting on each Valuation Date of hypothetical income (or loss) shall be made for each respective Account. All hypothetical investments of a Participant's Account shall be valued at fair market value. Additionally, all payments, distributions, investments and investment exchanges allowed and made under the Plan shall be as of the relevant Valuation Date at fair market value.

6.3 Adjustment of Accounts. Each Account maintained for a Participant shall be adjusted for hypothetical credits and any expenses allocable under the terms of the Plan to the Account. The Account shall be adjusted as of each Valuation Date to reflect: (a) the hypothetical credits and expenses described in this ARTICLE 6; (b) amounts credited pursuant to ARTICLE 4; and (c) payments, distributions or withdrawals.

6.4 Establishment of Trust for Funding. The Employer may, but is not required to, establish a trust to hold amounts which the Employer may contribute from time to time to correspond to some or all amounts credited to Participants under this ARTICLE 6. If the Employer establishes a trust, the provisions of Sections 6.4(a) and (b) shall become operative.

(a) Grantor Trust. Any trust established by the Employer shall be between the Employer and a trustee pursuant to a separate written agreement under which assets are held, administered and managed, subject to the claims of the Employer's creditors in the event of the Employer's insolvency, until paid to the Participant and/or his Beneficiaries. The trust is intended to be treated as a grantor trust under the Code, and it is intended that the establishment of the trust shall not cause the Participant to realize current income on amounts contributed thereto. The Employer must notify the trustee in the event of a lawsuit regarding the Plan or regarding its bankruptcy or insolvency.

(b) Investment of Trust Funds. Any amounts contributed to the trust by the Employer shall be invested by the trustee in accordance with the provisions of the trust and the instructions of the Committee or its delegate.

Article 7

<u>RIGHT TO BENEFITS</u>

7.1 Vesting. Unless a Participant is terminated for Cause, a Participant shall be one hundred percent (100%) vested in his Accounts upon the earlier of a Change in Control or the Participant's Separation from Service. Notwithstanding the preceding sentence, if a Participant is terminated for Cause, the Participant shall forfeit all rights to the Participant's Account.

7.2 Amount of Benefits. The vested amounts credited to a Participant's Account as determined under ARTICLE 4 shall determine and constitute the basis for the amount payable to the Participant (or, in the event of the Participant's death, to the Participant's Beneficiary) under the Plan.

Article 8

PAYMENTS OF AMOUNTS CREDITED TO ACCOUNTS

8.1 Method and Timing of Payments. Except as otherwise provided under the Plan, including this ARTICLE 8, payments under the Plan shall be made in accordance with ARTICLE 5 of the Plan.

8.2 Prohibition on Acceleration. Except as otherwise provided in the Plan and except as may be allowed in guidance from the Secretary of the Treasury, distributions/payments from a Participant's Account(s) may not be made earlier than the time such amounts would otherwise be distributed pursuant to the terms of the Plan.

8.3 Key Employees. Unless an exception to Code Section 409A applies to a payment to a Participant, in no event shall a distribution made to a Key Employee from his Accounts due to his Separation from Service occur before the date which is six (6) months after his Separation from Service, or, if earlier, his date of death. For purposes of this Section 8.3, a Key Employee means an employee of an employer, including any corporation that is a member of a controlled group of corporations as defined in Code Section 414(b) that includes the employer and any trade or business that is under common control as defined in Code Section 414(c) with the employer, any of whose stock is publicly traded on an "established securities market," within the meaning of Section 1.409A-1(k), or otherwise who satisfies the requirements of Code Sections 416(i)(1)(A)(i), (ii) or (iii), determined without regard to Code Section 416(i)(5), at any time during the twelve- (12-) month period ending on the Identification Date. An employee who is determined to be a Key Employee on an Identification Date shall be treated as a Key Employee for purposes of the six- (6-) month delay in distributions set forth in this Section 8.3 for the twelve- (12-) month period beginning on the first day of the fourth month following the Identification Date. Whether any stock of the Employer is traded on an established securities market or otherwise is determined on the date a Participant experiences a Separation from Service. This Section 8.3 shall not apply to an accelerated distribution made in accordance with Section 11.9.

8.4 Permissible Delays in Payment. Distributions may be delayed beyond the date payment would otherwise occur in accordance with the provisions of ARTICLE 5 in any of the following circumstances:

(a) Payments Subject to Code Section 162(m). The Employer may delay payment if it reasonably anticipates that its deduction with respect to such payment would not be permitted due to the application of Code Section 162(m); provided, however, that (i) the deduction limitation of Code Section 162(m) shall be applied to all payments to similarly situated Participants on a reasonably consistent basis; (ii) the payment must be made either during the Participant's first taxable year in which the Employer reasonably anticipates, or should reasonably anticipate, that if the payment is made during such year, the deduction of such payment will not be barred by application of Code Section 162(m) or during the period beginning with the date of the Participant's Separation from Service (or, if the Participant is a Key Employee, beginning with the date that is six (6) months after Separation from Service) and ending on the later of the last day of the Employer's taxable year in which the Participant incurs a Separation from Service for the 15th day of the third month following the Participant's Separation from Service (or, if the Participant is a Key Employee, the 15th day of the third month following the date that is six (6) months after Separation from Service); (iii) where any payment to a particular Participant is delayed because of Code Section 162(m), the delay in payment will be treated as a subsequent deferral election under Code Section 409A, unless all scheduled payments to such Participant that could be delayed are also delayed; and (iv) no election may be provided to a Participant with respect to the timing of payment hereunder.

(b) **Payments that would violate Federal Securities Laws or Other Applicable Law**. The Employer may also delay payment if it reasonably anticipates that the marking of the payment will violate Federal securities laws or other applicable laws provided payment is made at the earliest date on which the Employer reasonably anticipates that the making of the payment will not cause such violation.

(c) **Other Events and Conditions**. The Employer also reserves the right to delay payment upon such other events and conditions as the Secretary of the Treasury may prescribe in generally applicable guidance published in the Internal Revenue Bulletin.

Except as may be otherwise required under Code Section 409A, a payment is treated as made upon the date contemplated under the provisions of the Plan if the payment is made at such date or a later date within the same calendar year or, if later, by the 15th day of the third calendar month following the date contemplated by the Plan. If calculation of the amount of the payment is not administratively practicable due to events beyond the control of the Participant (or Participant's Beneficiary), the payment will be treated as made upon the date contemplated by the Plan if the payment is made during the first calendar year in which the payment is administratively practicable. Similarly, if the funds of the Employer are not sufficient to make the payment at the date specified under the Plan without jeopardizing the solvency of the Employer, the payment will be treated as made upon the date contemplated by the Plan if the payment is made during the first calendar year in which the funds of the Employer are sufficient to make the payment without jeopardizing the solvency of the Employer.

If a payment is not made, in whole or in part, as of the date contemplated by the Plan because the Employer refuses to make such payment, the payment will be treated as made upon the date contemplated by the Plan if the Participant accepts the portion (if any) of the payment that the Employer is willing to make (unless such acceptance will result in forfeiture of the claim to all or part of the remaining account), makes prompt and reasonable, good faith efforts to collect the remaining portion of the payment and any further payment (including payment of a lesser amount that satisfies the obligation to make the payment) is made no later than the end of the first calendar year in which the Employer and the Participant enter into a legally binding settlement of such dispute, the Employer concedes that the amount is payable, or the Employer is required to make such payment pursuant to a final and nonappealable judgment or other binding decision. For purposes of this paragraph, efforts to collect the payment will be presumed not to be prompt, reasonable, good faith efforts, unless the Participant provides notice to the Employer within ninety (90) days of the latest date upon which the payment could have been timely made in accordance with the terms of the Plan and the Treasury Regulations promulgated under Code Section 409A, and unless, if not paid, the Participant takes further enforcement measures within one hundred eighty (180) days after such latest date. For purposes of this paragraph, the Employer is not treated as having refused to make a payment where pursuant to the terms of the Plan the Participant is required to request payment, or otherwise provide information to take any other action, and the Participant has failed to take such action. In addition, for purposes of this paragraph, the Participant is deemed to have requested that a payment not be made, rather than the Employer having refused to make such payment, where the Employer's decision to refuse to make the payment is made by the Participant or a member of the Participant's family (as defined in Code Section 267(c)(4) applied as if the family of an individual includes the spouse of any member of the family), or any person or group of persons over whom the Participant's family member has effective control, or any person any portion of whose compensation is controlled by the Participant or the Participant's family member.

Article 9

AMENDMENT AND TERMINATION

9.1 Plan Amendment. The Company reserves the sole right to amend the Plan pursuant to a resolution of the Board approving such amendment. An amendment must be in writing and executed by a representative of the Company authorized to take such action. The Company hereby reserves the right to amend the Plan without the consent of the Participants in the future, as required to comply with any present or future law, regulation or rule applicable to the Plan, including, but not limited to Code Section 409A and all applicable guidance promulgated thereunder, and to prevent any Participant from becoming subject to any additional tax or penalty under Code Section 409A. No amendment can directly or indirectly deprive any current or former Participant or Beneficiary of all or any portion of his vested Account which had accrued prior to the amendment, except to the extent required by the Code or other applicable law.

9.2 Retroactive Amendments. An amendment to the Plan made by the Company in accordance with Section 9.1 may be made effective on a date prior to the first day of the Plan Year in which it is adopted. Any retroactive amendment by the Company shall be subject to the provisions of Section 9.1.

9.3 Plan Termination. The Plan will terminate automatically as of the date that no amounts remain to be paid/distributed under the Plan.

The Company reserves the right to terminate the Plan and accelerate the time of payment of all amounts to be distributed under the Plan in accordance with the following provisions of this Section 9.3. The Company may make an irrevocable election to terminate the Plan and distribute all amounts credited to all Participant Accounts within the thirty (30) days preceding or the twelve (12) months following a Change in Control. For this purpose, the Plan will be treated as terminated only if all other arrangements sponsored by the Employer immediately after the time of the Change in Control with respect to which deferrals of compensation are treated as having been deferred under a single plan under Treasury Regulation Section 1.409A-1(c)(2) are terminated and liquidated with respect to each Participant that experienced the Change in Control, so that under the terms of the termination and liquidation all such Participants are required to receive all amounts of compensation deferred under the terminated arrangements within twelve (12) months of the date the Company irrevocably takes all necessary action to terminate and liquidate the Plan and such other arrangements. In addition, the Company reserves the right to terminate the Plan within twelve (12) months of a corporate dissolution taxed under Code Section 331, or with the approval of a bankruptcy court pursuant to Section 503(b)(1)(A) of Title 11 of the United States Code, provided that amounts deferred under the Plan are included in the gross incomes of Participants in the earlier of (a) the taxable year in which the amount is actually or constructively received, or (b) the latest of the following years: (1) the calendar year in which the termination occurs, (2) the first calendar year in which the amount is no longer subject to a substantial risk of forfeiture, or (3) the first calendar year in which payment is administratively practicable. The Company retains the discretion to terminate the Plan if (1) the termination does not occur proximate to a downturn in the financial health of the Company;

(2) all arrangements sponsored by the Employer that would be aggregated with any terminated arrangement under Treasury Regulation Section 1.409A-1(c) if the same service provider participated in all of the arrangements are terminated, (3) no payments other than payments that would be payable under the terms of the arrangements if the termination had not occurred are made within twelve (12) months of the termination of the arrangements, (4) all payments are made within twenty-four (24) months of the termination of the arrangements, and (5) the Employer does not adopt new arrangements that would be aggregated with any terminated arrangement under Treasury Regulation Section 1.409A-1(c), if the same service provider participated in both arrangements, at any time with the three- (3-) year period following the date of termination of the arrangement. The Company also reserves the right to terminate the Plan and accelerate the time of payment of all amounts to be distributed under the Plan under such conditions and events as may be prescribed by the Internal Revenue Service in generally applicable guidance published in the Internal Revenue Bulletin.

9.4 Distribution Upon Termination of the Plan. Except as provided in Section 9.3, the Plan may not be terminated before the date on which all amounts credited to all Participant Accounts have been paid in accordance with the terms of the Plan.

Article 10

PLAN ADMINISTRATION

10.1 Powers and Responsibilities of the Company. The Company or its delegate shall be responsible for the general operation and administration of the Plan and for carrying out the provisions thereof. The Company's (or its delegate's) powers and responsibilities include, but are not limited to, the following, which powers and responsibilities shall be exercised in its sole discretion:

(a) To make and enforce such rules and regulations as it deems, in its sole discretion, necessary or proper for the efficient administration of the Plan;

(b) To decide all questions concerning the Plan and the eligibility of any person to participate in the Plan, in its sole discretion, subject to review by the Committee or its delegate.

(c) To administer the claims and review procedures specified in Section 10.3;

(d) To compute the amount of benefits which will be payable to any Participant, former Participant or Beneficiary in accordance with the provisions of the Plan in its discretion;

(e) To determine the person or persons to whom such benefits will be paid in its discretion;

(f) To authorize the payment of benefits;

(g) To comply with any applicable reporting and disclosure requirements of Part 1 of Subtitle B of Title 1 of ERISA;

(h) To appoint such agents, counsel, accountants, and consultants as may be required to assist in administering the Plan;

(i) To allocate and delegate its responsibilities in its discretion, including the formation of any administrative sub-committee to administer the Plan.

10.2 Powers and Responsibilities of the Committee. The Committee or its delegate shall be responsible (a) for determining the hypothetical investments relating to Participants' Accounts pursuant to ARTICLE 6, and (b) for the review of denied claims pursuant to Section 10.3(b) in its sole discretion. In the course of reviewing a denied claim, the Committee or its delegate shall have the power to interpret the Plan, in its sole discretion, and its interpretation thereof shall be final, conclusive and binding on all persons claiming benefits under the Plan.

10.3 Claims and Review Procedures.

(a) <u>Claims Procedure</u>. If any person believes he is being denied any rights or benefits under the Plan, such person may file a claim in writing with the Company. If any such claim is wholly or partially denied, the Company or its delegate will notify such person of its decision in writing. Such notification will contain (i) specific reasons for the denial, (ii) specific reference to pertinent Plan provisions, (iii) a description of any additional material or information necessary for such person to perfect such claim and an explanation of why such material or information is necessary, and (iv) information as to the steps to be taken if the person wishes to submit a request for review. Such notification will be given within ninety (90) days after the claim is received by the Company (or within one hundred eighty (180) days, if special circumstances require an extension of time for processing the claim, and if written notice of such extension and circumstances is given to such person within the initial ninety- (90-) day period). If such notification is not given within such period, the claim will be considered denied as of the last day of such period and such person may request a review of his claim.

(b) <u>Review Procedure</u>. Within sixty (60) days after the date on which a person receives a written notification of denial of claim (or, if written notification is not provided, within sixty (60) days of the date denial is considered to have occurred), such person (or his duly authorized representative) may (i) file a written request with the Company for a review of his denied claim and of pertinent documents and (ii) submit written issues and comments to the Company. The Company or its delegate will notify such person of its decision in writing. Such notification will be written in a manner calculated to be understood by such person and will contain specific reasons for the decision as well as specific references to pertinent Plan provisions. The decision on review will be made within sixty (60) days after the request for review is received by the Company (or within one hundred twenty (120) days, if special circumstances require an extension of time for processing the request, such as an election by the Company or its delegate to hold a hearing, and if written notice of such extension and circumstances is given to such person within the initial sixty- (60-) day period). If the decision on review is not made within such period, the claim will be considered denied.

10.4 Plan Administrative Costs. All reasonable costs and expenses (including legal, accounting, and employee communication fees) incurred by the Company in administering the Plan shall be paid by the Company.

Article 11

MISCELLANEOUS

11.1 Unsecured General Creditor of the Employer. The Plan at all times shall be entirely unfunded. Participants and their Beneficiaries, heirs, successors and assigns shall have no legal or equitable rights, interests or claims in any property or assets of the Employer. For purposes of the payment of benefits under the plan, the assets of the Employer shall be, and shall remain, the general, unpledged, unrestricted assets of the Employer. The Employer's obligation under the Plan shall be merely that of an unfunded and unsecured promise to pay money in the future.

11.2 Employer's Liability. The Employer's liability for the payment of benefits under the Plan shall be defined only by the Plan. The Employer shall have no obligation or liability to a Participant under the Plan except as provided by the Plan.

11.3 Limitation of Rights. Neither the establishment of the Plan, nor any amendment thereof, nor the creation of any fund or account, nor the payment of any benefits, will be construed as giving to the Participant or any other person any legal or equitable right against the Employer or the Committee except as provided herein; and in no event will the terms of employment or service of the Participant be modified or in any way affected hereby.

11.4 Anti-Assignment. Except as otherwise provided in connection with a division of property under a domestic relations proceeding under state law and subject to the terms of the Plan, no right or interest of the Participants shall be subject to involuntary alienation, assignment or transfer of any kind. An eligible employee may voluntarily assign his rights under the Plan. The Employer, the Board, the Committee and any of their delegates shall not review, confirm, guarantee or otherwise comment on the legal validity of any voluntary assignment. Employer and its delegates may review, provide recommendations and approve submitted domestic relations orders using procedures similar to those that apply to qualified domestic relations orders under the qualified pension plans sponsored by the Employer. A domestic relations order intended to assign a benefit hereunder to a former spouse of an eligible employee must be delivered to the Employer. The Employer will review the order to determine if it is qualified. Upon notification by the Employer that the order is qualified, the spouse will be able to elect a distribution of the assigned benefit by the end of the fifth calendar year following the calendar year during which the Employer notifies the former spouse that the order is qualified. In all events, the entire assigned benefit must be distributed by the end of the fifth calendar year following the calendar year during which the Employer notifies the former spouse that the order is qualified. The Employer may prescribe procedures that are consistent with this Section 11.4 and applicable law to implement benefit assignments pursuant to qualified orders.

11.5 Facility of Payment. If the Employer determines, on the basis of medical reports or other evidence satisfactory to the Employer, that the recipient of any benefit payments under the Plan is incapable of handling his affairs by reason of minority, illness, infirmity or other incapacity, such payments may be disbursed to a person or institution designated by a court which has jurisdiction over such recipient or a person or institution otherwise having the legal authority under State law for the care and control of such recipient. The receipt by such person or institution of any such payments, and any such payment to the extent thereof, shall discharge the liability of the Employer for the payment of benefits hereunder to such recipient.

11.6 Notices. Any notice or other communication required or permitted to be given in connection with the Plan shall be in writing and shall be deemed to have been duly given (i) upon request, if delivered personally or via courier, (ii) upon confirmation of receipt, if given by facsimile or electronic transmission, and (iii) on the third business day following mailing, if mailed first-class, postage prepaid, registered or certified mail as follows:

(a) If it is sent to the Employer, it will be at the address specified by the Employer; or

(b) If it is sent to a Participant or Beneficiary, it will be at the last address filed with the Employer by the Participant (or Beneficiary).

11.7 Tax Withholding. The Employer shall have the right to deduct from all payments or deferrals made under the Plan any tax required by law to be withheld. If the Employer concludes that tax is owing with respect to any deferral or payment hereunder, the Employer shall withhold such amounts from any payments due the Participant or his Beneficiary, as permitted by law, or otherwise make appropriate arrangements with the Participant or his Beneficiary for satisfaction of such obligation. Tax, for purposes of this Section 11.7, means any federal, state, local, foreign or any other governmental income tax, employment or payroll tax, excise tax, or any other tax or assessment owing with respect to amounts deferred, any earnings thereon, and any payments made to Participants or Beneficiaries under the Plan.

11.8 Indemnification. To the fullest extent allowed by law, the Company shall indemnify and hold harmless each member of the Committee and each employee, officer, or director of the Employer to whom is delegated duties, responsibilities, and authority with respect to the Plan against all claims, liabilities, fines and penalties, and all expenses reasonably incurred by or imposed upon him (including but not limited to reasonable attorneys' fees) which arise as a result of his actions or failure to act in connection with the operation and administration of the Plan to the extent lawfully allowable and to the extent that such claim, liability, fine, penalty, or expense is not paid for by liability insurance purchased or paid for by the Employer. Notwithstanding the foregoing, the Company shall not indemnify any person for any such amount incurred through any settlement or compromise of any action unless the Company consents in writing to such settlement or compromise.

11.9 Permitted Acceleration of Payment. The Company or its delegate, in its sole discretion, may accelerate the time in which payment shall be made under the Plan to: (a) an individual other than the Participant as may be necessary to fulfill a domestic relations order within the meaning of Code Section 414(p)(1)(B), (b) the extent reasonably necessary to avoid the violation of an applicable federal, state, local, or foreign ethics law or conflicts of interest law (including where such payment is reasonably necessary to permit the Participant to participate in activities in the normal course of his position in which the Participant would otherwise not be able to participate under an applicable rule), determined in accordance with Treasury Regulation Section 1.409A-3(j)(4)(iii)(B), (c) pay the FICA tax imposed under Code Sections 3101, 3121(a) and 3121(v)(2) on compensation deferred under the Plan, (d) pay the income tax at source on wages imposes under Code Section 3401 or the corresponding withholding provisions of the applicable, state, local or foreign tax laws as a result of the payment of any FICA tax described in clause (c), and to pay the additional income tax at source on wages attributable to the pyramiding Code Section 3401 wages and taxes, (e) pay state, local, or foreign tax obligations arising from participation in the Plan that apply to an amount deferred under the Plan before the amount is paid or made available to the Participant, (f) pay the income tax at source on wages imposed under Code Section 3401 as a result of the payment described in clause (e) and to pay the additional income tax at source on wages imposed under Code Section 3401 attributable to such additional Code Section 3401 wages and taxes, (g) satisfy the debt of a Participant to the Employer where such debt is incurred in the ordinary course of the service relationship between the Participant and the Employer, as applicable, the entire amount of the reduction in any Plan year does not exceed $5,000, and the reduction is made at the same time and in the same amount as the debt otherwise would have been due and collected from the Participant, and (h) pay the amount required to be included in gross income as a result of the failure of the Plan to comply with the requirements of Code Section 409A. The total payment under clauses (c) and (d) shall, in no event, exceed the aggregate of the FICA tax and the income tax withholding related to such FICA tax. The total payment under clause (e) shall, in no event, exceed the amount of such taxes due as a result of participation in the Plan. The total payment under clauses (e) and (f) shall, in no event, exceed the aggregate of the state, local, and foreign tax amount, and the income tax withholding related to such state, local, and foreign tax amount. The total payment under clause (h) shall, in no event, exceed the amount required to be included in income as a result of the failure to comply with requirements of Code Section 409A.

11.10 No Guarantee or Employment or Participation. Nothing in the Plan shall interfere with or limit in any way the right of the Employer to terminate any Participant's employment at any time and for any reason, nor confer upon any Participant any right to continue in the employ of the Employer. No employee of the Employer shall have a right to be selected as a Participant under the Plan or, if selected, to continue to participate for any Plan Year.

11.11 Unclaimed Benefit. Each Participant shall keep the Employer informed of his current address. The Employer shall not be obligated to search for the whereabouts of any person. If the location of a Participant is not made known to the Employer within three (3) years after the date on which payment of the Participant's vested Account is scheduled to be made, payment may be made as though the Participant had died at the end of the three- (3-) year period. If within one additional year after such three- (3-) year period has elapsed, or, within three (3) years after the actual death of a Participant, the Employer is unable to locate the Beneficiary of the Participant, then the Employer shall have no further obligation to pay any benefit hereunder to such Participant or Beneficiary or any other person and such benefit shall be irrevocably forfeited.

11.12 Governing Law. The Plan will be construed, administered and enforced according to the laws of the Commonwealth of Kentucky without regard to principles of conflicts of law to the extent not otherwise preempted by ERISA.

11.13 Erroneous Payment. Any amount paid under this Plan in error to a Participant or to a Participant's Beneficiary shall be returned to the Employer. A payment made in error does not create on the part of the recipient a legally binding right to such payment.

11.14 Effective Date. The Plan was approved by the Personnel and Compensation Committee of the Board of Directors of Ashland Inc. and established by the Company to be effective as of October 1, 2016.

WAIVER AND AMENDMENT NO. 3

TO CREDIT AGREEMENT

THIS WAIVER AND AMENDMENT NO. 3 TO CREDIT AGREEMENT (this "***Waiver***"), dated as of April 5, 2017, is entered into by and among Ashland LLC (as successor to Ashland Inc.), a Kentucky limited liability company (the "***Borrower***"), the Lenders party hereto and The Bank of Nova Scotia, as Administrative Agent (the "***Administrative Agent***") and as L/C Issuer.

PRELIMINARY STATEMENTS

The Borrower, The Bank of Nova Scotia, as Administrative Agent, Swing Line Lender and an L/C Issuer and the other Lenders from time to time party thereto entered into that certain Credit Agreement, dated as of June 23, 2015 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time prior to the date hereof, the "***Credit Agreement***;" the terms defined therein being used herein as therein defined);

The Borrower has requested (i) a waiver to the Credit Agreement to cure all Defaults and Events of Default that have arisen out of or otherwise resulted from the failure by the Borrower to make (a) interest payments on the Loans in compliance with Section 2.08 of the Credit Agreement and the definition of "Applicable Rate" in Section 1.01 of the Credit Agreement for the period beginning on February 2, 2016, and ending on February 2, 2017 (inclusive) (the "***Default Period***"), (b) commitment fee payments with respect to the Revolving Credit Facility in compliance with Section 2.09(a) of the Credit Agreement and the definition of "Applicable Rate" in Section 1.01 of the Credit Agreement for the Default Period and (c) payments of Letter of Credit Fees in compliance with Section 2.03(i) of the Credit Agreement and the definition of "Applicable Rate" in Section 1.01 of the Credit Agreement for the Default Period and (ii) an amendment to Exhibit C to the Credit Agreement as further described herein; and

The Borrower, the Lenders party hereto and the Administrative Agent have agreed that such Defaults and Events of Default shall be waived and Exhibit C shall be amended, in each case, as provided in Section 1 hereof, upon the terms and subject to the conditions set forth herein and effective as of the Waiver Effective Date.

NOW, THEREFORE, in consideration of the premises and further valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. <u>Waiver and Amendment</u>. Subject to the satisfaction of the conditions precedent set forth in Section 2 hereof:

(a) The Administrative Agent and the undersigned Lenders hereby waive all Defaults and Events of Default that have arisen out of or otherwise resulted from the Borrower's failure to make (a) interest payments on the Loans in compliance with Section 2.08 of the Credit Agreement and the definition of "Applicable Rate" in Section 1.01 of the Credit Agreement for the Default Period (the "***Interest Payments***"), (b) commitment fee payments with respect to the Revolving Credit Facility in compliance with Section 2.09(a) of the Credit Agreement and the definition of "Applicable Rate" in Section 1.01 of the Credit Agreement for the Default Period (the "***Commitment Fee Payments***") and (c) payments of Letter of Credit

Fees in compliance with Section 2.03(i) of the Credit Agreement and the definition of "Applicable Rate" in Section 1.01 of the Credit Agreement for the Default Period (the "***Letter of Credit Fee Payments***") (such Defaults and Events of Defaults, collectively, the "***Specified Defaults***"), including, without limitation, any Default or Event of Default resulting from any representation and warranty made in connection with Requests for Credit Extensions pursuant to the last paragraph of Section 4.02 of the Credit Agreement being incorrect or misleading in any material respect when made or deemed made.

(b) The Administrative Agent and the undersigned Lenders hereby amend Exhibit C to the Credit Agreement to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the underlined text (indicated textually in the same manner as the following example: underlined text) as set forth in the pages of Exhibit C to the Credit Agreement attached as Annex A hereto.

Section 2. Conditions to Waiver Effective Date. Section 1 of this Waiver shall become effective on and as of the date (the "***Waiver Effective Date***") that the Administrative Agent or its counsel shall have received the following, each of which shall be electronic transmissions (followed promptly by originals), each in form and substance reasonably satisfactory to the Administrative Agent and its legal counsel:

(a) a counterpart of this Waiver, duly executed by the Borrower, Lenders constituting the Required Lenders and the Administrative Agent;

(b) the Borrower shall have delivered to the Administrative Agent a certificate of a Responsible Officer setting forth (x) the Consolidated Gross Leverage Ratio as of the last day of the fiscal quarter of the Borrower ended as of December 31, 2015 and each subsequent fiscal quarter of the Borrower ended during the Default Period, (y) calculations of the actual amount of Interest Payments, Commitment Fee Payments and Letter of Credit Fee Payments required to have been made during the Default Period pursuant to the Credit Agreement and (z) the calculation of the difference between the amounts set forth in clause (y) above and the amounts actually paid by the Borrower in respect thereof during the Default Period (such amounts pursuant to this clause (z), in the aggregate, the "***Additional Amount***");

(c) the Borrower shall have paid to the Administrative Agent, for the account of the applicable Lenders and L/C Issuers, an aggregate amount equal to the Additional Amount;

(d) all expenses required to be paid hereunder and/or pursuant to the Credit Agreement and invoiced at least two Business Days before the Waiver Effective Date shall have been paid in full in cash or will be paid in full in cash on the Waiver Effective Date; and

(e) the following representations and warranties of the Borrower shall be true and correct on and as of the Waiver Effective Date:

(i) no Default has occurred and is continuing on and as of the Waiver Effective Date (other than the Specified Defaults); and

(ii) the representations and warranties of the Borrower set forth in Article V of the Credit Agreement or in any other Loan Document (other than the representation and warranty in Section 5.07 of the Credit Agreement solely as it relates to the Specified Defaults) are true and correct in all material respects (or in all respects if the applicable representation or warranty is qualified by Material Adverse Effect or materiality) on and as of the Waiver Effective Date (except to the extent such representations and warranties are expressly made as of a specified date in which event such representations and warranties shall be true and correct in all material respects (or in all respects, as applicable) as of such earlier date).

Section 3. Reference to and Effect on Loan Documents.

(a) On and after the Waiver Effective Date, each reference in the Credit Agreement to “this Agreement”, “hereunder”, “hereof” or words of like import referring to the Credit Agreement and each reference in each of the other Loan Documents to “the Credit Agreement”, “thereunder”, “thereof” or words of like import referring to the Credit Agreement shall mean and be a reference to the Credit Agreement as modified by this Waiver.

(b) This Waiver is a waiver and an amendment as referred to in the definition of Loan Documents and shall for all purposes constitute a Loan Document.

(c) On and after the Waiver Effective Date, the Credit Agreement and each of the other Loan Documents, as specifically modified by this Waiver, are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed. The execution, delivery and effectiveness of this Waiver shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Lender or the Administrative Agent under any of the Loan Documents, except to the extent that such right, power or remedy relates to any Specified Default.

Section 4. Costs and Expenses. The Borrower agrees to pay or reimburse all reasonable and documented out-of-pocket costs and expenses of the Administrative Agent in connection with the preparation, execution, delivery and administration of this Waiver (including, without limitation, the reasonable and documented fees and expenses of a single counsel for the Administrative Agent) in accordance with the terms of Section 10.04(a) of the Credit Agreement.

Section 5. Execution in Counterparts. This Waiver may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed counterpart of a signature page to this Waiver by telecopier shall be effective as delivery of a manually executed counterpart of this Waiver.

Section 6. Governing Law. THIS WAIVER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Waiver to be executed by their respective officers thereunto duly authorized as of the date first above written.

ASHLAND LLC

By: /s/ Eric N. Boni
Name: Eric N. Boni
Title: Vice President & Treasurer

THE BANK OF NOVA SCOTIA,
as Administrative Agent and L/C Issuer

By: /s/ Clement Yu
Name: Clement Yu
Title: Director

LENDER SIGNATURE PAGE TO THE WAIVER TO CREDIT AGREEMENT DATED AS OF JUNE 23, 2015 (AS AMENDED, SUPPLEMENTED OR MODIFIED FROM TIME TO TIME), AMONG ASHLAND LLC, THE LENDERS FROM TIME TO TIME PARTY THERETO, THE BANK OF NOVA SCOTIA, AS ADMINISTRATIVE AGENT, SWING LINE LENDER AND AN L/C ISSUER, CITIBANK, N.A., AS SYNDICATION AGENT, AND BANK OF AMERICA, N.A., DEUTSCHE BANK SECURITIES INC. AND PNC BANK, NATIONAL ASSOCIATION, AS CO-DOCUMENTATION AGENTS

Mizuho Bank, Ltd.

By: /s/ Donna DeMagistris

____

Name: Donna DeMagistris
Title: Authorized Signatory

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PNC Bank, National Association

By: /s/ Jeffrey L. Stein
____
Name: Jeffrey L. Stein
Title: Senior Vice President

LENDER SIGNATURE PAGE TO THE WAIVER TO CREDIT AGREEMENT DATED AS OF JUNE 23, 2015 (AS AMENDED, SUPPLEMENTED OR MODIFIED FROM TIME TO TIME), AMONG ASHLAND LLC, THE LENDERS FROM TIME TO TIME PARTY THERETO, THE BANK OF NOVA SCOTIA, AS ADMINISTRATIVE AGENT, SWING LINE LENDER AND AN L/C ISSUER, CITIBANK, N.A., AS SYNDICATION AGENT, AND BANK OF AMERICA, N.A., DEUTSCHE BANK SECURITIES INC. AND PNC BANK, NATIONAL ASSOCIATION, AS CO-DOCUMENTATION AGENTS

SUNTRUST BANK, as a Lender

By: /s/ Carlos Cruz
____
Name: Carlos Cruz
Title: Vice President

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JPMORGAN CHASE BANK, N.A.

By: /s/ Tracy Martinov

Name: Tracy Martinov
Title: Authorized Signatory

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THE BANK OF NEW YORK MELLON

By: /s/ William M. Feathers
____
Name: William M. Feathers
Title: Vice President

For those Lenders requiring a second signature:

By:________________________________
Name:
Title:

LENDER SIGNATURE PAGE TO THE WAIVER TO CREDIT AGREEMENT DATED AS OF JUNE 23, 2015 (AS AMENDED, SUPPLEMENTED OR MODIFIED FROM TIME TO TIME), AMONG ASHLAND LLC, THE LENDERS FROM TIME TO TIME PARTY THERETO, THE BANK OF NOVA SCOTIA, AS ADMINISTRATIVE AGENT, SWING LINE LENDER AND AN L/C ISSUER, CITIBANK, N.A., AS SYNDICATION AGENT, AND BANK OF AMERICA, N.A., DEUTSCHE BANK SECURITIES INC. AND PNC BANK, NATIONAL ASSOCIATION, AS CO-DOCUMENTATION AGENTS

U.S. BANK NATIONAL ASSOCIATION

By: /s/ Mark Irey
____
Name: Mark Irey
Title: Vice President

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Sumitomo Mitsui Banking Corporation

By: /s/ Katsuyuki Kubo
____
Name: Katsuyuki Kubo
Title: General Manager

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DEUTSCHE BANK AG NEW YORK BANK

By: /s/ Ming K. Chu
____
Name: Ming K. Chu
Title: Director

By: /s/ Virginia Cosenza
____
Name: Virginia Cosenza
Title: Vice President

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THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.

By: /s/ Victor Pierzchalski
____
Name: Victor Pierzchalski
Title: Authorized Signatory

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CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK

By: /s/ Gary Herzog

Name: Gary Herzog
Title: Managing Director

For those Lenders requiring a second signature:

By: /s/ Myra Martinez

Name: Myra Martinez
Title: Vice President

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BANCO BILBOA VIZCAYA ARGENTARIA, S.A. NEW YORK BRANCH

By: /s/ Brian Crowley

Name: Brian Crowley
Title: Managing Director

By: /s/ Cara Younger

Name: Cara Younger
Title: Director

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BANK OF AMERICA N.A.

By: /s/ Kayla Deaton

Name: Kayla Deaton
Title: Associate

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NORTHERN TRUST COMPANY

By: /s/ John C. Canty
____
Name: John C. Canty
Title: Senior Vice President

For those Lenders requiring a second signature:

By:________________________________
Name:
Title:

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GOLDMAN SACHS BANK USA

By: /s/ Ushma Dedhiya
____
Name: Ushma Dedhiya
Title: Authorized Signatory

For those Lenders requiring a second signature:

By:______________________________
Name:
Title:

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Fifth Third Bank

By: /s/ Michael S. Barnett

Name: Michael S. Barnett
Title: Managing Director

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ING BANK N.V., DUBLIN BRANCH, as a Lender

By: /s/ Cormac Langford
____
Name: Cormac Langford
Title: Director

By: /s/ Sean Hassett
____
Name: Sean Hassett
Title: Director

LENDER SIGNATURE PAGE TO THE WAIVER TO CREDIT AGREEMENT DATED AS OF JUNE 23, 2015 (AS AMENDED, SUPPLEMENTED OR MODIFIED FROM TIME TO TIME), AMONG ASHLAND LLC, THE LENDERS FROM TIME TO TIME PARTY THERETO, THE BANK OF NOVA SCOTIA, AS ADMINISTRATIVE AGENT, SWING LINE LENDER AND AN L/C ISSUER, CITIBANK, N.A., AS SYNDICATION AGENT, AND BANK OF AMERICA, N.A., DEUTSCHE BANK SECURITIES INC. AND PNC BANK, NATIONAL ASSOCIATION, AS CO-DOCUMENTATION AGENTS

The Huntington National Bank

By: /s/ Joshua Emerson
____
Name: Joshua Emerson
Title: Vice President

For those Lenders requiring a second signature:

By:________________________________
Name:
Title:

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Citibank, N.A.

By: /s/ David Jaffe
____
Name: David Jaffe
Title: Vice President

For those Lenders requiring a secod signature:

By:______________________________
Name: David Jaffe
Title: Vice President

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DBS Bank Ltd.

By: /s/ Yeo How Ngee

Name: Yeo How Nge
Title: Managing Director

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TD BANK, N.A.

By: /s/ Michele Dragonetti
____
Name: Michele Dragonetti
Title: Senior Vice President

For those Lenders requiring a second signature:

By:__________________________________
Name:
Title:

LENDER SIGNATURE PAGE TO THE WAIVER TO CREDIT AGREEMENT DATED AS OF JUNE 23, 2015 (AS AMENDED, SUPPLEMENTED OR MODIFIED FROM TIME TO TIME), AMONG ASHLAND LLC, THE LENDERS FROM TIME TO TIME PARTY THERETO, THE BANK OF NOVA SCOTIA, AS ADMINISTRATIVE AGENT, SWING LINE LENDER AND AN L/C ISSUER, CITIBANK, N.A., AS SYNDICATION AGENT, AND BANK OF AMERICA, N.A., DEUTSCHE BANK SECURITIES INC. AND PNC BANK, NATIONAL ASSOCIATION, AS CO-DOCUMENTATION AGENTS

SANTANDER BANK, N.A.

By: /s/ Andres Barbosa
____
Name: Andres Barbosa
Title: Executed Director

LENDER SIGNATURE PAGE TO THE WAIVER TO CREDIT AGREEMENT DATED AS OF JUNE 23, 2015 (AS AMENDED, SUPPLEMENTED OR MODIFIED FROM TIME TO TIME), AMONG ASHLAND LLC, THE LENDERS FROM TIME TO TIME PARTY THERETO, THE BANK OF NOVA SCOTIA, AS ADMINISTRATIVE AGENT, SWING LINE LENDER AND AN L/C ISSUER, CITIBANK, N.A., AS SYNDICATION AGENT, AND BANK OF AMERICA, N.A., DEUTSCHE BANK SECURITIES INC. AND PNC BANK, NATIONAL ASSOCIATION, AS CO-DOCUMENTATION AGENTS

WELLS FARGO BANK, N.A.

By: /s/ Boaz Slomowitz
____
Name: Boaz Slomowitz
Title: Vice President

LENDER SIGNATURE PAGE TO THE WAIVER TO CREDIT AGREEMENT DATED AS OF JUNE 23, 2015 (AS AMENDED, SUPPLEMENTED OR MODIFIED FROM TIME TO TIME), AMONG ASHLAND LLC, THE LENDERS FROM TIME TO TIME PARTY THERETO, THE BANK OF NOVA SCOTIA, AS ADMINISTRATIVE AGENT, SWING LINE LENDER AND AN L/C ISSUER, CITIBANK, N.A., AS SYNDICATION AGENT, AND BANK OF AMERICA, N.A., DEUTSCHE BANK SECURITIES INC. AND PNC BANK, NATIONAL ASSOCIATION, AS CO-DOCUMENTATION AGENTS

THE BANK OF NOVA SCOTIA, as Lender, Swing Line Lender and an L/C Issuer

By: /s/ Michael Grad

Name: Michael Grad
Title: Director

Annex A

[See Attached]

EXHIBIT C

FORM OF COMPLIANCE CERTIFICATE

Financial Statement Date: ________, ____

To: The Bank of Nova Scotia, as Administrative Agent

Ladies and Gentlemen:

Reference is made to that certain Credit Agreement, dated as of June 23, 2015 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement"; the terms defined therein being used herein as therein defined), among Ashland ~~Inc.~~LLC, a Kentucky ~~corporation~~ limited liability company (the "Borrower"), the Lenders from time to time party thereto, The Bank of Nova Scotia, as Administrative Agent, Swing Line Lender and an L/C Issuer, Citibank, N.A., as Syndication Agent, Bank of America, N.A., Deutsche Bank Securities Inc. and PNC Bank, National Association, as Co-Documentation Agents, and the other agents party thereto.

The undersigned Responsible Officer[1] hereby certifies as of the date hereof that he/she is the ____________________________________ of the Borrower and that, as such, he/she is authorized to execute and deliver this Compliance Certificate to the Administrative Agent on the behalf of the Borrower, and that:

[Use following paragraph 1 for fiscal year-end financial statements]

1. The Borrower has delivered as required by Section 6.01(a) of the Agreement for the fiscal year of the Borrower ended as of the above date, together with the report and opinion of an independent certified public accountant required by such section, the consolidated balance sheet of the Borrower and its Subsidiaries, and the related consolidated statements of income or operations, changes in shareholders' equity, and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and prepared in accordance with GAAP.

[Use following paragraph 1 for fiscal quarter-end financial statements]

1. The Borrower has delivered as required by Section 6.01(b) of the Agreement for the fiscal quarter of the Borrower ended as of the above date the consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal quarter, and the related consolidated statements of income or operations, changes in shareholders' equity, and cash flows for such fiscal quarter and for the portion of the Borrower's fiscal year then ended, setting forth in each case in comparative form the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, all in reasonable detail. Such consolidated statements fairly present the financial condition, results of operations, shareholders'

[1]This certificate should be from the chief executive officer, chief financial officer, treasurer or controller of the Borrower.

equity and cash flows of the Borrower and its Subsidiaries in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes.

2. The undersigned has reviewed and is familiar with the terms of the Agreement and has made, or has caused to be made under his/her supervision, a detailed review of the transactions and condition (financial or otherwise) of the Borrower during the accounting period covered by such financial statements.

3. A review of the activities of the Borrower during such fiscal period has been made under the supervision of the undersigned with a view to determining whether during such fiscal period the Borrower performed and observed all its Obligations under the Loan Documents, and

[select one:]

[to the knowledge of the undersigned, during such fiscal period the Borrower performed and observed each covenant and condition of the Loan Documents applicable to it, and no Default has occurred and is continuing.]

--or--

[to the knowledge of the undersigned, the following covenants or conditions have not been performed or observed and the following is a list of each such Default and its nature and status:]

4. The representations and warranties of the Borrower contained in Article V of the Agreement and all representations and warranties of the Borrower that are contained in any document furnished at any time under or in connection with the Loan Documents, are true and correct in all material respects (except that any representation and warranty that is qualified as to "materiality" or "Material Adverse Effect" are true and correct in all respects) on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct in all material respects (or true and correct in all respects, as the case may be) as of such earlier date, and except that for purposes of this Compliance Certificate, the representations and warranties contained in subsections (a) and (b) of Section 5.05 of the Agreement shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 6.01 of the Agreement, including the statements in connection with which this Compliance Certificate is delivered.

5. The financial covenant analyses and other information set forth on Schedule 1, Schedule 2 and Schedule 3 attached hereto are true and accurate on and as of the date of this Compliance Certificate.

6. Based on the Consolidated Gross Leverage Ratio set forth on Schedule 1.III attached hereto and the Corporate Credit Ratings of the Borrower by S&P and Moody's

applicable as of the date hereof (which are ______ and _____, respectively), the applicable Tier for purposes of determining the Applicable Rate is Tier _____[2].

[Remainder of page intentionally left blank].

[2] Insert applicable Tier by reference to the table set forth in the definition of "Applicable Rate".

IN WITNESS WHEREOF, the undersigned has executed this Compliance Certificate as of ______, ____.

ASHLAND ~~INC.~~LLC

By: __

Name: __
Title: __

For the Quarter/Year ended ____________________, ____
(“Statement Date”)

SCHEDULE 1
to the Compliance Certificate
($ in 000’s)

I. Section 7.11(a) – Consolidated Leverage Ratio.

A. Consolidated Indebtedness at the Statement Date[~~2~~3]:

1. the outstanding principal amount of all obligations (as calculated under GAAP), whether current or long-term, for borrowed money (including Obligations in respect of the Loans under the Agreement), reimbursement obligations for amounts drawn under letters of credit and all obligations evidenced by bonds, debentures, notes, loan agreements or other similar instruments: $______

2. all purchase money Indebtedness: $______

3. all direct (but, for the avoidance of doubt, not contingent) obligations arising under bankers’ acceptances and bank guaranties: $______

4. all obligations in respect of the deferred purchase price of property or services (other than (i) trade accounts payable in the ordinary course of business, (ii) any earn-out or similar obligation that is a contingent obligation or that is not reasonably determinable as of the applicable date of determination and (iii) any earn-out or similar obligation that is not a contingent obligation and that is reasonably determinable as of the applicable date of determination to the extent that (A) such Person is indemnified for the payment thereof by a solvent Person reasonably acceptable to the $______

[~~2~~3]Consolidated Indebtedness shall (i) be calculated on a Pro Forma Basis unless otherwise specified, (ii) not include the Defeased Debt and (iii) include all outstandings of the Borrower and its Subsidiaries under any Permitted Receivables Facility (but excluding the intercompany obligations owed by a Special Purpose Finance Subsidiary to the Borrower or any other Subsidiary in connection therewith). The principal amount outstanding at any time of any Indebtedness included in Consolidated Indebtedness issued with original issue discount shall be the principal amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP, but such Indebtedness shall be deemed incurred only as of the date of original issuance thereof.

Administrative Agent or (B) amounts to be applied to the payment therefor are in escrow):

5. all Attributable Indebtedness: $______

6. without duplication, all Guarantees with respect to outstanding Indebtedness of the types specified in Lines I.A.1 through I.A.5 above of Persons other than the Borrower or any Subsidiary: $______

7. Consolidated Indebtedness at the Statement Date (Lines I.A.1 + I.A.2 + I.A.3 + I.A.4 + I.A.5 + I.A.6)[~~3~~4]: $______

B. Consolidated EBITDA for the Measurement Period ending on the Statement Date ("Subject Period")[~~4~~5]:

1. Consolidated Net Income for the Subject Period:

a. the net income (loss) of the Borrower and its Subsidiaries on a consolidated basis: $______

b. the net income of any Subsidiary during such Subject Period to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary of such income is not permitted by operation of the terms of its Organization Documents or any agreement, instrument or Law applicable to such Subsidiary (unless such restrictions on dividends or similar distributions have been legally and effectively waived), other than to the extent of the Borrower's equity in any net loss of any such Subsidiary: $______

c. any after-tax income (after-tax loss) for such Subject Period of any Person if such Person is not a Subsidiary: $______

d. the Borrower's equity in such income of any such Person referred to in Line I.B.1.c for such Subject Period up to $______

[~~3~~4]Consolidated Indebtedness of the Borrower and the Subsidiaries shall include any of the items in Line I.A.1 through Line I.A.6 above of any other entity (including any partnership in which the Borrower or any consolidated Subsidiary is a general partner) to the extent the Borrower or such consolidated Subsidiary is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of that item expressly provide that such Person is not liable therefor.

[~~3~~5]Consolidated EBITDA shall be calculated on a Pro Forma Basis unless otherwise specified.

the aggregate amount of cash actually distributed by such Person during such Subject Period to the Borrower or a Subsidiary as a dividend or other distribution (and in the case of a dividend or other distribution to a Subsidiary, such Subsidiary is not precluded from further distributing such amount to the Borrower as described in Line I.B.1.b):

e. any after-tax gain (after-tax loss) realized as a result of the cumulative effect of a change in accounting principles or the implementation of new accounting standards related to revenue and lease accounting: $______

f. any after-tax gain (after-tax loss) attributable to any foreign currency hedging arrangements or currency fluctuations: $______

g. after-tax extinguishment charges relating to the early extinguishment of Indebtedness and obligations under Swap Contracts and after-tax extinguishment charges relating to upfront fees and original issue discount on Indebtedness: $______

h. any pension or other post-retirement after-tax gain (after-tax expense) for such Subject Period: $______

i. the amount of any cash payments made during such Subject Period relating to pension and other post-retirement costs (other than any payments made in respect of the Pension Funding in excess of the amount of required regulatory contributions during such Subject Period (as reasonably determined by the Borrower)): $______

j. Consolidated Net Income for the Subject Period Lines (I.B.1.a – I.B.1.b – I.B.1.c + I.B.1.d – I.B.1.e – I.B.1.f – I.B.1.g – I.B.1.h – I.B.1.i): $______

To the extent not included in Consolidated Net Income for the Subject Period:

2. proceeds of business interruption insurance received during the Subject Period: $______

To the extent deducted in calculating Consolidated Net Income for the Subject Period, but without duplication and in each case for the Subject Period:

3. Consolidated Interest Charges (not calculated on a Pro Forma Basis): $______

4. the provision for Federal, State, local and foreign income taxes payable: $______

5. depreciation and amortization expense: $______

6. asset impairment charges: $______

7. expenses reimbursed by third parties (including through insurance and indemnity payments): $______

8. fees and expenses incurred in connection with the Transactions, any Permitted Receivables Facility, any proposed or actual issuance of any Indebtedness or Equity Interests (including upfront fees and original issue discount), or any proposed or actual acquisitions, investments, asset sales or divestitures permitted under the Agreement, in each case that are expensed: $______

9. non-cash restructuring and integration charges and cash restructuring and integration charges[~~5~~6]: $______

10. non-cash stock expense and non-cash equity compensation expense: $______

11. other expenses or losses, including purchase accounting entries such as the inventory adjustment to fair value, reducing such Consolidated Net Income which do not represent a cash item in such period or any future period: $______

12. expenses or losses in respect of discontinued operations of Borrower or any of its Subsidiaries: $______

13. any unrealized losses attributable to the application of “mark to market” accounting in respect of Swap Contracts: $______

14. with respect to any Disposition for which pro forma effect is $______

[~~5~~6] In the case of cash restructuring and integration charges, not to exceed $100,000,000 in any twelve-month period.

required to be given pursuant to the definition of Pro Forma Basis, any loss thereon:

To the extent included in calculating Consolidated Net Income for the Subject Period, but without duplication and in each case for the Subject Period:

15. Federal, State, local and foreign income tax credits: $______

16. all non-cash gains or other items increasing Consolidated Net Income: $______

17. gains in respect of discontinued operations of the Borrower or any of its Subsidiaries: $______

18. any unrealized gains for such period attributable to the application of "mark to market" accounting in respect of Swap Contracts**:** $______

19. with respect to any Disposition for which pro forma effect is required to be given pursuant to the definition of Pro Forma Basis, any gain thereon: $______

20. Consolidated EBITDA for the Subject Period (Lines I.B.1.l + I.B.2 + I.B.3 + I.B.4 + I.B.5 + I.B.6 + I.B.7 + I.B.8 + I.B.9 + I.B.10 + I.B.11 + I.B.12 + I.B.13 + I.B.14 – I.B.15 – I.B.16 – I.B.17 – I.B.18 – I.B.19): $______

C. Consolidated Leverage Ratio as of the Statement Date:

1. Consolidated Indebtedness at the Statement Date (Line I.A.~~8~~7): $______

2. the amount of the Borrower's and its Subsidiaries' unrestricted cash and Cash Equivalents as of such date that are or would be included on a balance sheet of the Borrower and its Subsidiaries as of such date: $______

3. Consolidated EBITDA for the Subject Period (Line I.B.20): $______

4. Consolidated Leverage Ratio as of the Statement Date ((Line I.C.1 - I.C.2) ÷ Line I.C.3): ____:1.00

Maximum Permitted Consolidated Leverage Ratio:

A. For any fiscal quarter ending after the Closing Date and on or prior to December 31, 2016: 3.75:1.00

B. For any fiscal quarter ending after December 31, 2016 3.50:1.00

II. Section 7.11(b) – Consolidated Interest Coverage Ratio.

A. Consolidated EBITDA for the Subject Period (Line I.B.20): $______

B. Consolidated Interest Charges for the Subject Period, without duplication:

1. all interest, premium payments, debt discount, fees, charges and related expenses in connection with borrowed money (including capitalized interest) or in connection with the deferred purchase price of assets, in each case to the extent treated as interest in accordance with GAAP: $______

2. cash payments made in respect of obligations referred to in Line II.B.6 below: $______

3. the portion of rent expense under Capitalized Leases that is treated as interest in accordance with GAAP, in each case, of or by the Borrower and its Subsidiaries on a consolidated basis for such Subject Period: $______

4. all interest, premium payments, debt discount, fees, charges and related expenses in connection with the Permitted Receivables Facility: $______

To the extent included in such consolidated interest expense for such Subject Period, without duplication:

5. extinguishment charges relating to the early extinguishment of Indebtedness or obligations under Swap Contracts: $______

6. noncash amounts attributable to the amortization of debt discounts or accrued interest payable in kind: $______

7. Noncash amounts attributable to amortization or write-off of capitalized interest or other financing costs paid in a previous period:

8. interest income treated as such in accordance with GAAP: $______

9. fees and expenses, original issue discount and upfront fees, in each case of or by the Borrower and its Subsidiaries on a consolidated basis for such Subject Period[~~6~~7]: $______

10. Consolidated Interest Charges for the Subject Period, the excess, without duplication of ((Lines II.B.1 + II.B.2 + II.B.3 + II.B.4) – (Lines II.B. 5 + II.B.6 + II.B.7 + II.B.8 + II.B.9)): $______

C. Consolidated Interest Coverage Ratio at the Statement Date (Line II.A ÷ Line II.B.10): ____:1.00

Minimum Consolidated Interest Coverage Ratio Required: 3.00:1.00

III. Consolidated Gross Leverage Ratio.

A. Consolidated Indebtedness at the Statement Date (Line I.A.7): $______

B. Consolidated EBITDA for the Subject Period (Line I.B.20): $______

C. Consolidated Gross Leverage Ratio as of the Statement Date (Line III.A ÷ Line III.B): ____:1.00

[~~6~~7]For all purposes hereunder, Consolidated Interest Charges shall be calculated on a Pro Forma Basis unless otherwise specified.

For the Quarter/Year ended ___________________
("Statement Date")

SCHEDULE 2
to the Compliance Certificate
($ in 000's)

Consolidated EBITDA
(in accordance with the definition of Consolidated EBITDA
as set forth in the Agreement)

	Quarter Ended ________	Quarter Ended ________	Quarter Ended ________	Quarter Ended ________	Twelve Months Ended ________
the net income (loss) of the Borrower and its Subsidiaries on a consolidated basis					
– the net income of any Subsidiary during such Subject Period to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary of such income is not permitted by operation of the terms of its Organization Documents or any agreement, instrument or Law applicable to such Subsidiary (unless such restrictions on dividends or similar distributions have been legally and effectively waived), other than to the extent of the Borrower's equity in any net loss of any such Subsidiary					

	Quarter Ended ________	Quarter Ended ________	Quarter Ended ________	Quarter Ended ________	Twelve Months Ended ________
Any after-tax income (after-tax loss) for such Subject Period of any Person if such Person is not a Subsidiary					
+ the Borrower's equity in such income of any Person referred to in the immediately preceding row for such Subject Period up to the aggregate amount of cash actually distributed by such Person during such Subject Period to the Borrower or a Subsidiary as a dividend or other distribution (and in the case of a dividend or other distribution to a Subsidiary, such Subsidiary is not precluded from further distributing such amount to the Borrower as described in the second row of this Schedule 2)					
– any after-tax gain (after-tax loss) realized as a result of the cumulative effect of a change in accounting principles or the implementation of new accounting standards related to revenue and lease accounting					
– any after-tax gain (after-tax loss) attributable to any foreign currency hedging arrangements or currency fluctuations					

	Quarter Ended	Quarter Ended	Quarter Ended	Quarter Ended	Twelve Months Ended
– after-tax extinguishment charges relating to the early extinguishment of Indebtedness and obligations under Swap Contracts and after-tax extinguishment charges relating to upfront fees and original issue discount on Indebtedness					
– any pension or other post-retirement after-tax gain (after-tax expense) for such Subject Period					
– the amount of any cash payments made during such Subject Period relating to pension and other post-retirement costs (except for any payments made in respect of the Pension Funding in excess of the amount of required regulatory contributions during such Subject Period (as reasonably determined by the Borrower))					
= Consolidated Net Income					
+ proceeds of business interruption insurance received during the Subject Period, to the extent not included in Consolidated Net Income					
+Consolidated Interest Charges (not calculated on a Pro Forma Basis)					

	Quarter Ended ________	Quarter Ended ________	Quarter Ended ________	Quarter Ended ________	Twelve Months Ended ________
+provision for Federal, State, local and foreign income taxes payable					
+depreciation expense					
+amortization expense					
+ asset impairment charges					
+ expenses reimbursed by third parties (including through insurance and indemnity payments)					
+ fees and expenses incurred in connection with the Transactions, any Permitted Receivables Facility, any proposed or actual issuance of any Indebtedness or Equity Interests (including upfront fees and original issue discount), or any proposed or actual acquisitions, investments, asset sales or divestitures permitted hereunder, in each case that are expensed					
+ non-cash restructuring and integration charges and cash restructuring and integration charges~~[7]~~[8]					

~~[7] In the case of cash restructuring and integration charges, not to exceed $100,000,000 in any twelve-month period.~~

[8] In the case of cash restructuring and integration charges, not to exceed $100,000,000 in any twelve-month period.

	Quarter Ended ______	Quarter Ended ______	Quarter Ended ______	Quarter Ended ______	Twelve Months Ended ______
+ non-cash stock expense and non-cash equity compensation expense					
+other expenses or losses, including purchase accounting entries such as inventory adjustment to fair value, reducing such Consolidated Net Income which do not represent a cash item					
+ expenses or losses in respect of discontinued operations of the Borrower or any of its Subsidiaries					
+ any unrealized losses attributable to the application of “mark to market” accounting in respect of Swap Contracts					
+ with respect to any Disposition for which pro forma effect is required to be given pursuant to the definition of Pro Forma Basis, any loss thereon					
- Federal, State, local and foreign income tax credits					
- all non-cash gains or other items increasing Consolidated Net Income					
- gains in respect of discontinued operations of the					

Borrower or any of its Subsidiaries					

	Quarter Ended ___________	Quarter Ended ___________	Quarter Ended ___________	Quarter Ended ___________	Twelve Months Ended ___________
- any unrealized gains for such period attributable to the application of “mark to market” accounting in respect of Swap Contracts					
- with respect to any Disposition for which pro forma effect is required to be given pursuant to the definition of Pro Forma Basis, any gain thereon					
= Consolidated EBITDA					

For the Quarter/Year ended ____________________, ____
("Statement Date")

SCHEDULE 3
to the Compliance Certificate
($ in 000's)

I. Sections 7.03(k) and/or 7.06(g) – Available Amount.

A. 50% of the Consolidated Net Income for all fiscal quarters of the Borrower for which Consolidated Net Income is positive and that have ended on or after September 30, 2011 and prior to such date for which financial statements shall have been delivered to the Administrative Agent pursuant to Section 6.01(a) or 6.01(b) of the Agreement (treated as one continuous accounting period): $______

B. 100% of the Consolidated Net Income for all fiscal quarters of the Borrower for which Consolidated Net Income is negative and that have ended on or after September 30, 2011 and prior to such date for which financial statements shall have been delivered to the Administrative Agent pursuant to Section 6.01(a) or 6.01(b) of the Agreement (treated as one continuous accounting period): $______

C. the net cash proceeds from the issuance of common stock of the Borrower after August 23, 2011, other than any such issuance to a Subsidiary, to an employee stock ownership plan or to a trust established by the Borrower or any of its Subsidiaries for the benefit of their employees: $______

D. without duplication, the sum of the portion of the Available Amount previously utilized pursuant to Section 7.03(k) and/or 7.06(g) of the Agreement: $______

E. without duplication, the sum of the portion of the Available Amount (as defined in the Existing Credit Agreement) previously utilized pursuant to Section 7.03(k), 7.06(g) and/or 7.14(e) of the Existing Credit Agreement: $______

F. Available Amount at the Statement Date (Lines I.A – I.B + Line I.C – Line I.D – Line I.E): $______

SEPARATION AGREEMENT AND GENERAL RELEASE

Section 1. SPECIAL SEVERANCE BENEFITS

I, Luis Fernandez-Moreno (EE# ______), understand that on **February 28, 2017** (“Termination Date”), my employment with Ashland Specialty Ingredients, GP (“ASI”), a subsidiary of Ashland Global Holdings Inc. (“Ashland Global Holdings”), will end, and I will no longer provide services to Ashland Global Holdings, or to any subsidiary or affiliate of Ashland Global Holdings, including but not limited to ASI. I am signing this Separation Agreement and General Release (the “Separation Agreement”) in return for the special severance benefits offered to me hereunder, which are more than would otherwise be provided to me upon termination. Specifically, I understand that I will receive the severance benefits more fully described in **Attachment I** (Summary of Benefits), which is hereby incorporated by reference.

Section 2. COMPLETE RELEASE OF LIABILITY

(a) **General Release.** In exchange for these special severance benefits offered in this Separation Agreement, I completely release all claims I may have at this time against Ashland Global Holdings, and any of its subsidiaries, affiliates predecessors, successors and assigns (collectively the “Company”), and against any of the Company’s insurers, officers, directors and employees (collectively with the Company referred to hereafter as “Releasees”). This Release is intended to be a broad release and shall apply to any relief from the Releasees, no matter how denominated, including, but not limited to, claims for future employment, rights or causes of action for wages, backpay, front pay, compensatory damages, punitive damages, or attorneys’ fees. I also agree that I will not file any such claim and I hereby agree to indemnify and hold Releasees harmless from any such claim.

(b) **Extent of Release.** This Release includes any and all claims I may have against Releasees which relate either to the time of my employment or to my termination, except the claims mentioned in Section 2(c) below. Some of the types of claims that I am releasing, although there also may be others not listed here, are claims under local, state or federal law relating to:

1. Discrimination on the basis of age, sex, race, color, national origin, religion, disability or veteran status;

2. Restrictions, if any, upon the rights of Releasees to terminate their employees at will, including (i) violation of public policy, (ii) breach of any express or implied covenant of the employment contract, and (iii) breach of any covenant of good faith and fair dealing;

3. Discrimination on the basis of age, including claims under the Age Discrimination in Employment Act (the “ADEA”), which is located at 29 United States Code, Sections 621 through 634;

4. Payments, if any, that might otherwise be owed and payable to me pursuant to the Workers' Adjustment and Retraining Notification (WARN) Act; and

5. Civil actions relating to negligence, defamation, invasion of privacy, fraud, misrepresentation, or infliction of emotional or mental distress.

(c) **Exceptions to Release.** The only claims against Releasees that this release does not include are claims related to:

1. Claims for benefits to which I am entitled under this special severance offer;

2. Any applicable worker's compensation or unemployment compensation laws;

3. Any rights I have under those benefit plans offered to employees of the Company that are governed by the Employee Retirement Income Security Act of 1974, as amended (ERISA), in effect as of my Termination Date; and

4. Any claims that the law states may not be waived.

I further understand that nothing in this Separation Agreement is intended to or shall prevent, impede, or interfere with my non-waivable right, without prior notice to the Company, to provide information to the government, participate in investigations, file a complaint, testify in proceedings regarding past or future conduct of Releasees, or engage in any future activities protected under the whistleblower statutes of other government agency, or the right to receive payment from a government agency for information provided directly to the government agency pursuant to a government-administered whistleblower award program.

Section 3. CONSEQUENCES OF BREACHING MY PROMISES IN SECTION 2

If I breach my promise in Section 2 of this General Release and file a claim or lawsuit based on what I released in this General Release, I agree to pay for all liabilities and costs incurred by Releasees, including reasonable attorneys' fees, in defending against my claim or lawsuit. Provided, however, that this provision shall not apply to any alleged breach due to a challenge of the validity of the ADEA waiver contained herein.

Section 4. CONFIDENTIALITY

I understand and agree that I have acquired Company Information as defined herein. I further understand and agree that such Company Information has been disclosed to me in confidence and for Company use only. I will not disclose or communicate Company Information to any third party, and I will not make use of Company Information on my own behalf, or on behalf of any third party. Further, I agree that I will continue to be bound by the terms of any non-competition, non-solicitation, non-disclosure and/or confidentiality agreements in effect on my Termination Date, whether executed by me as a condition of, or during the course of, my employment with the Company, or executed by me during the course of my employment with a prior employer and subsequently assigned to the Company, the terms and conditions of which are incorporated herein by reference. I further specifically agree that I will continue to be bound by the terms of the Confidentiality, Non-Competition and Non-Solicitation Agreement that I am entering into with the Company concurrent with my execution of this Separation Agreement.

I understand, however, that my obligations under the Confidentiality provisions of this Separation Agreement will not be breached in the event I disclose Company Information to the U.S. Securities and Exchange Commission, to the extent necessary to report suspected or actual violations of U.S. securities laws, or where my disclosure of Company Information is protected under the whistleblower statutes administered by the Occupational Safety and Health Administration, U.S. Securities and Exchange Commission, the Equal Opportunity Employment Commission, the National Labor Relations Board, or any other government agency. I also understand that I am not required to inform Releasees, in advance or otherwise, that such disclosure(s) has been made. I am further advised that if I disclose Company Information that constitutes a trade secret to which the Defend Trade Secrets Act (18 USC Section 1833(b)) applies, then I will not be held criminally or civilly liable under any federal or state trade secret law, or considered to be in violation of the Confidentiality provisions of this Separation Agreement if my disclosure is made solely for the purpose of reporting or investigating a suspected violation of law and in confidence to a federal, state, or local government official, whether directly or indirectly, or to an attorney; or where my disclosure is made in a complaint or other document filed in a lawsuit or other proceeding against a Releasee, and such filing is made under seal.

<u>Section 5.</u> **<u>RETURN OF COMPANY INFORMATION AND PROPERTY</u>**

I agree that prior to my execution of this Separation Agreement I returned to the Company all Company Information and related reports, maps, files, memoranda, and records; credit cards, cardkey passes; door and file keys; computer access codes; software; and other physical or personal property which I received or prepared or helped prepare in connection with my employment.

I further represent that I have not retained and will not retain any copies, duplicates, reproductions, or excerpts thereof, except as otherwise provided above in Section 4. I understand that the term “Company Information” as used in this Separation Agreement refers to information obtained during my employment with ASI and/or any parent, division, subsidiary, predecessor or affiliate of ASI, and includes (a) confidential information including, without limitation, information received from third parties under confidential conditions; and (b) other technical, business, or financial information, the use or disclosure of which might reasonably be construed to be contrary to the interests of the Company.

Section 6. ADVICE TO CONSULT WITH ATTORNEY

I understand that due to the General Release contained herein, I am advised to consult with an attorney before signing this Separation Agreement.

Section 7. PERIOD FOR REVIEW AND COVERAGE OF OFFER

I understand and agree that I have been given at least 45 days to review and consider this Separation Agreement and the General Release contained herein. I understand that I may use as much or as little of this period of time as I wish to prior to reaching a decision regarding the signing of this Separation Agreement. I understand that if I sign this Separation Agreement prior to my Termination Date or if I do not sign, date, and return this Separation Agreement by **April 14, 2017** the Separation Agreement will not be valid and I will not receive the special severance benefits described in Attachment I hereto, and I will not be eligible for any benefits under Ashland's Severance Pay Plan.

I further acknowledge that I have been advised that the offer has been made to all employees in my department whose service is being terminated, as set out in Attachment II, hereto, and has not been offered to those so noted on Attachment II. I understand that additional information can be obtained upon request from my Human Resources representative.

Section 8. EFFECTIVE DATE AND MY RIGHT TO REVOKE GENERAL RELEASE

In accordance with federal law, I understand that my acceptance of this Separation Agreement, and the General Release contained herein, may be revoked by me at any time within seven (7) calendar days after the date of execution noted below. To be effective, the revocation must be in writing and delivered to Peter Ganz, Senior Vice President and General Counsel, Ashland Law Department, 50 E. RiverCenter Blvd, Suite 1600, Covington, KY 41011, either by hand or mail within a seven (7) day period following my execution of this General Release. If delivered by mail, the recision must be:

1. Postmarked within the seven (7) day period;
2. Properly addressed as noted above; and
3. Sent by Certified Mail, Return Receipt Requested.

I understand that this Separation Agreement and the General Release contained herein, and my acceptance of it shall not become effective or enforceable until the first day immediately following the last day of the seven (7) day revocation period (the "Effective Date").

Section 9. GOVERNING LAW

It is agreed that this Separation Agreement shall be interpreted in accordance with the laws of the Commonwealth of Kentucky.

Section 10. PARTIAL INVALIDITY OF THE GENERAL RELEASE

I agree that if any term or provision of this Separation Agreement is determined by a court or other appropriate authority to be invalid, void, or unenforceable for any reason, the remainder of the terms and provisions of this Separation Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

Section 11. MMSEA REPORTING REQUIREMENTS

I understand that pursuant to Section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (MMSEA), if I have applied for Medicare prior to the execution of this agreement, or if I am likely to become eligible for Medicare within twelve (12) months thereafter, the Centers for Medicare Services will be notified of this agreement.

Section 12. COMPLETE AGREEMENT

It is agreed that the foregoing constitutes the entire agreement between the Company and myself, and that except for those written agreements incorporated herein by reference, including, but not limited to, the Confidentiality, Non-Compete and Non-Solicitation Agreement that I have been offered and am entering into with the Company concurrent with my execution of this Separation Agreement, there are no other agreements, oral or written, express or implied, relating to any matters covered by this Separation Agreement, or any other agreement in effect and relating to any other matter whatsoever, whether or not within the knowledge or contemplation of either of the Parties at the time of execution of this Separation Agreement.

I M P O R T A N T N O T I C E

By signing below, I acknowledge as follows:

- **I have read this Separation Agreement and General Release and understand fully its final and binding effect;**
- **The only promises made to me to sign this Separation Agreement and General Release are those stated herein;**
- **I am signing this Separation Agreement and General Release knowingly and voluntarily; and**
- **I have no other claim or expectation of any additional pay or benefits incident to my employment. The benefits I am receiving for this Separation Agreement and General Release are in lieu of, and fully satisfy, all monetary amounts, if any, to which I might otherwise be entitled under federal or state statute or common law.**

[Signature page immediately follows]

Employee Initials:_____

ASHLAND GLOBAL HOLDINGS INC.

/s/ Luis Fernandez-Moreno	/s/ Peter J. Ganz
LUIS FERNANDEZ-MORENO	Signature of Company Representative
Employee #	
February 28, 2017	Sr. Vice President, General Counsel and Secretary
Date of Execution by Employee	Title of Company Representative

Attachment I

SUMMARY OF SPECIAL SEVERANCE BENEFITS AND THE EFFECT OF YOUR TERMINATION ON YOUR PARTICIPATION IN CERTAIN OTHER EXECUTIVE COMPENSATION AND EMPLOYEE BENEFIT PLANS AND PROGRAMS

THE SPECIAL SEVERANCE BENEFITS

You are being offered the special severance benefits, described in this Attachment I, in exchange for your promises and covenants contained in this Separation Agreement. You understand and agree that if you fail to properly execute and return this Separation Agreement within the window specified in Section 7 of this Separation Agreement, or you revoke your acceptance of it within the 7-day window provided in Section 8 of this Separation Agreement, then the Separation Agreement will not become effective, and you will not be eligible for any of the special severance benefits described in this Attachment I, or any benefits under Ashland's Severance Pay plan.

In addition, with respect to those special severance benefits relating to favorable treatment under certain executive compensation and/or employee benefit plans and programs, you understand that in the event this Separation Agreement does not become effect as provided above, then you will not receive this favorable treatment, and instead you will only be eligible to receive those benefits that are required to be paid to you under the relevant plans or programs in the event of your termination.

In general, you cannot continue participation in any employee benefit plan after your Termination Date. If you were enrolled in a group health plan, you may be able to continue coverage by making what is called a COBRA election. You cannot elect to have any premiums you may have to pay for COBRA coverage deducted from any payments you are receiving under the terms of this Separation Agreement.

Should you have any questions concerning Ashland's executive compensation plans please contact Shea Blackburn, HR Consultant for the Executive Compensation group, at (859) 815-3720 or **swblackburn@ashland.com**. For any all other benefits-related questions, questions please contact Denise Brady, Manager, Global Benefits, at (908) 243-4532 or **dbrady@ashland.com**.

The special severance benefits you are eligible to receive under this Separation Agreement are as follows:

LUMP SUM SEVERANCE PAYMENT

You will be eligible to receive a severance payment equal to **78 weeks** of base pay, calculated based on your salary band and rate of base pay in effect as of your Termination Date, and payable in a lump sum, less applicable withholding of taxes, etc., as soon as is practicable, but not more than 15 days, following the Effective Date of this Separation Agreement, as defined in Section 8 of this Separation Agreement.

Employee Initials:_____

INCENTIVE COMPENSATION

If and when Incentive Compensation payments are made under the Amended and Restated Ashland Global Holdings Inc. Incentive Plan for 2015, you will be eligible to receive a pro-rata payment of Incentive Compensation for that portion of FY2017 during which you were actively employed. Such pro-ration will be calculated in accordance with the Company's customary practices. Your payment will be made in accordance with all other terms and conditions of the plan.

MEDICAL AND DENTAL

If you are enrolled in the company's medical and/or dental plans on your Termination Date, then you will generally be eligible for COBRA continuation coverage under the applicable plan(s) for up to 18 months. During the initial COBRA continuation coverage period the cost of this coverage will be paid exclusively by the Company. Your initial COBRA continuation coverage period will be 5 months. During the remaining 13-month COBRA continuation coverage period, you will receive COBRA continuation coverage at the same contribution rates that apply to terminated employees. To be eligible for COBRA continuation coverage, including the initial period during which coverage is provided at no cost to you, you must first make a timely election of COBRA coverage. You make a timely election by completing and returning the COBRA election form that will be sent to you by the Employee Benefits Department.

OUTPLACEMENT ASSISTANCE

You will be provided with executive level outplacement assistance for the 12-month period following your Termination Date, to assist you in your search and transition into other employment. This assistance will be provided to you through a third-party selected by the Company, and will be provided for you at the Company's expense.

ONE TIME GRANTS OF RESTICTED STOCK

You will receive accelerated pro-rata vesting, through your Termination Date, of those shares of restricted stock granted to you by the Company on November 13, 2013, May 14, 2014, November 17, 2014 and July 15, 2015, which are not vested as of your Termination Date. Such pro-ration will be calculated in accordance with the Company's customary practices, as illustrated in the estimates provided in Exhibit I to this Attachment I. Please review the applicable Incentive Plan provisions and the language of your award agreements, or contact Shea Blackburn directly at (859) 815-3720 or **swblackburn@ashland.com**, if you have any questions about the vesting schedules for these grants of restricted stock.

Employee Initials:______

OTHER RESTRICTED STOCK, RESTRICTED STOCK UNITS, AND STOCK APPRECIATION RIGHTS

Except as provided above, all other shares of restricted stock, as well as any RSUs and SARs that are not vested as of your Termination Date will be forfeited. Please review the applicable Incentive Plan provisions and the language of your award agreements, or contact Shea Blackburn directly at (859) 815-3720 or **swblackburn@ashland.com**, if you have any questions about the vesting schedules for any prior grants of restricted stock, RSUs, and/or SARs.

PERFORMANCE UNIT AWARDS (LTIP)

If and when payments are made to active employees, if eligible, you will receive a pro-rata payment under Ashland's Long Term Incentive Plan (LTIP) for each outstanding grant made to you under the LTIP. All payments under the LTIP will be pro-rated through your Termination Date, in accordance with the Company's customary pro-rata practices, as illustrated in the estimates provided in Exhibit I to this Attachment I, and calculated based on actual plan measures through the entire applicable plan cycle (including adjustments for unusual items), and made consistent with all other terms and conditions specified in the LTIP and the applicable award agreement.

Financial Planning

You will be reimbursed for eligible financial planning expenses incurred through the end of fiscal year 2017. All receipts for reimbursement must be provided to the Company on or before December 1, 2017.

EFFECT OF YOUR TERMINATION FROM EMPLOYMENT ON YOUR PARTICIPATION IN OTHER EMPLOYEE BENEFIT PLANS AND PROGRAMS

The following summarizes selected terms and conditions from some of the additional executive compensation and employee benefit plans and programs in which you may have participated, and the effect of your termination on these benefits. The actual terms of these plans are in their plan documents. You should refer to the relevant summary plan description for more information on a particular plan and the effect that your severance has with regard to that plan. However should you have any questions concerning any of the executive compensation plans discussed below, please contact Shea Blackburn, HR Consultant for the Executive Compensation group, at (859) 815-3720 or **swblackburn@ashland.com**, and for any other benefits-related questions, please contact Denise Brady, Manager, Global Benefits, at (908) 243-4532 or **dbrady@ashland.com**.

PERFORMANCE-BASED RESTRICTED STOCK AGREEMENT (EPIRP)

Subject to the terms of your EPIRP award agreement, because your employment is terminating prior to the Transaction and prior to any Change in Control of Ashland, as those terms are defined in the EPIRP award agreement, your award of Restricted Stock under the EPIRP will be prorated through your Termination Date. All shares of

Restricted Stock other than the Prorated Portion, as defined in your EPIRP award agreement, will be forfeited as of your Termination Date. As more fully described in the EPIRP, and subject to all limitations contained therein, the restrictions on no more than one-third of the Prorated Portion of your award will lapse as of the completion of the Transaction, and will become vested shares based on target-level performance. Thereafter, the remaining shares in the Prorated Portion that are not yet vested will be subject to modification based on the level of attainment of the Performance Goal, and the number of shares of Time-Vesting Restricted Stock, as defined in your EPIRP award agreement, you are entitled to receive will be determined based on actual performance measured following the end of the 120-day Performance Period. However upon receipt, those shares of Time-Vesting Restricted Stock will immediately vest in full.

DEFERRED COMPENSATION

Upon your Termination Date, you will receive distribution of your "DCP" account(s) in accordance with your DCP election(s), subject the requirements of Code §409A. Any changes regarding the distribution of your DCP account(s) must be made in accordance with plan terms and are subject to the requirements of Code §409A.

NON-QUALIFIED RETIREMENT PLANS

If eligible, and if you have a vested benefit under any of the excess non-qualified pension plans, then following your Termination Date you will be entitled to receive the benefits provided under such plan(s) in accordance with the terms of the applicable plan and subject to the requirements of Code §409A.

HEALTH SAVINGS ACCOUNT

If you are enrolled in a Health Savings Plan on your Termination Date, then thereafter you can continue to make contributions to your HSA so long as you continue to participate in a medical plan that qualifies as a High Deductible Health Plan (HDHP). This could occur as a result of electing COBRA continuation coverage under your current Company-provided medical plan or as a result of your enrollment in a medical plan offered by a third-party that qualifies as a HDHP. Once your coverage under a HDHP ends, your ability to contribute to the HSA for future periods ends. You may be able to make retroactive contributions to the plan if there were prior periods when you could have made contributions but did not do so. Generally, your ability to contribute for periods in a calendar year when you were covered by a HDHP ends on April 15th of the subsequent calendar year. Regardless of whether you make any further contributions to your HSA after your Termination Date, the funds in your HSA are yours to keep, and can be used to pay for eligible medical expenses for you and your tax dependents in accordance with all applicable withdrawal rules. For more information, refer to IRS Publication 969 (www.irs.gov/pub/irs-pdf/p969.pdf) or contact your tax advisor.

LIFE INSURANCE

Your company provided noncontributory life insurance coverage, contributory life coverage, spouse and dependent child life coverage, and group accidental death and dismemberment coverage will end on your Termination Date. You may be eligible to continue your noncontributory and/or contributory life insurance coverage, spouse and dependent child life coverages after your Termination Date. Continuing these coverages, though, is strictly between you and the applicable insurance companies that provide this coverage. You have a 31-day window following your Termination Date to arrange to continue these coverages. To find out more about your ability to continue these coverages contact Denise Brady, Manager, Global Benefits, at (908) 243-4532 or **dbrady@ashland.com**. A conversion privilege is not available for the group life accidental death and dismemberment portion of your coverage.

FLEXIBLE SPENDING ACCOUNTS PLAN

If you were a participant in the Flexible Spending Accounts Plan on your Termination Date, then any amount you have remaining in the Dependent Day Care Account and/or the Health Care Account is available to reimburse you for covered services incurred before your Termination Date. Thereafter, you may have rights to continue your Health Care Account coverage by making a COBRA election. Ashland's Employee Benefits Department will provide you with a summary of your COBRA rights that will tell you how to elect to continue coverage under the Health Care Account. A COBRA election can only continue your participation in the Health Care Account through the end of the calendar year in which your Termination Date occurs.

Any amount you have remaining in the Dependent Care Account and/or the Health Care Account is available to reimburse you for covered services incurred before the date your coverage under the particular account ends. Claims for services performed after your coverage ends are not eligible for reimbursement. Claims for reimbursement must be filed by June 30 in the calendar year following the year in which the covered expenses were incurred. Any amounts in your accounts that are not used will be forfeited according to IRS rules.

EMPLOYEE SAVINGS PLAN

Upon your Termination Date, you have a number of withdrawal options. If your account is valued at more than $1,000 on your Termination Date, you have the option of leaving your account in the plan. If your account is valued at $1,000 or less, it will be paid to you as a mandatory lump sum cash-out. If you have an unpaid loan, you may continue to make monthly payments after your Termination Date. Fidelity will send you payment instructions approximately 4 weeks following your Termination Date. To receive Savings Plan information, call Fidelity Investments at (800) 827-4526. You may also access Savings Plan information on the internet by clicking “Access My Account” under NetBenefits at www.401k .com.

LONG TERM DISABILITY, SUPPLEMENTAL LONG TERM DISABILITY; VOLUNTARY ACCIDENTAL DEATH AND DISMEMBERMENT; OCCUPATIONAL ACCIDENTAL DEATH AND DISMEMBERMENT; TRAVEL ACCIDENT INSURANCE AND ADOPTION ASSISTANCE PROGRAM

If you are enrolled in one or more of these plans on your Termination Date, your eligibility for coverage under the applicable plan(s) ends on your Termination Date. If you were covered by the voluntary accidental death and dismemberment plan you may be eligible for conversion privileges within 31 days of your Termination Date. To find out if this applies to you, or to obtain contact information for the applicable insurance company, please contact Denise Brady, Manager, Global Benefits, at (908) 243-4532 or **dbrady@ashland.com**.

VISION COST ASSISTANCE PLAN

If you are enrolled for this coverage, it will end on your Termination Date, although you may be able to elect COBRA continuation of coverage at that time. After your Termination Date Ashland's Vision Plan COBRA administrator will provide you with a summary of your COBRA rights that will tell you how to elect to continue coverage.

UNUSED VACATION/SICK PAY

You will be paid in a lump sum for any unused 2017 vacation, which was earned and accrued as of your Termination Date. You will not be paid for any unused sick pay.

CREDIT UNION

If you are a member of the Credit Union at the time of your Termination Date, you will be able to participate in the Credit Union after your Termination Date. You will need to contact the Credit Union directly to discuss handling of Credit Union business.

MATCHING GIFTS

Participation in the Matching Gifts Program will cease upon your Termination Date.

EMPLOYEE ASSISTANCE PROGRAM

Your participation in the Employee Assistance Program will end on your Termination Date

EXPENSES

If you have incurred any expenses that are reimbursable by the Company, you should submit an approved Expense Report to your supervisor, along with required receipts immediately. In the event there is an outstanding balance owed to Ashland for any charges on your corporate credit card or purchasing card account(s) that are not properly reimbursable under Ashland's reimbursement Policies, you understand and agree that Ashland will make deductions from your severance benefits in order to cover such balance(s).

UNEMPLOYMENT COMPENSATION

State laws control whether you are eligible to receive unemployment compensation. If you decide to file for unemployment compensation, the Company is obligated to inform the state's unemployment commission of the nature of your termination.

VERIFICATION OF EMPLOYMENT

The Company will only verify dates of employment and last job title, department and work location. The Company will only release other information concerning your employment as required by law, or at your request and with your written consent.

SECTION 409A

It is intended that the special severance benefits described in this Attachment 1 shall be exempt from the requirements of Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A"). With regard to any provision herein that provides for reimbursement costs and expenses or in-kind benefits, except as permitted by Section 409A: (1) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit; (2) the amount of expenses eligible for reimbursement, or in-kind benefits, provided during any taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year; and (3) such payments shall be made on or before the last day of you taxable year following the taxable year in which the expense occurred, or such earlier date as required hereunder.

FUTURE CORRESPONDENCE

Any future information from the Company will be sent to the address you currently have on file (i.e. employee benefit information, W-2's, etc.). Should your address change in the near future you should contact Denise Brady, Manager, Global Benefits, at (908) 243-4532 or **dbrady@ashland.com**. If you have an account established with one of the Company's benefits vendors, you should also contact that vendor to advise of any changes to your physical or e-mail addresses.

IMPORTANT NOTE ABOUT THIS SUMMARY

Details on the benefits from the employee benefit plans discussed above are provided in the summary plan description booklet for each plan. In all events, the rights and obligations of the Company and all covered employees, beneficiaries or other claimants are governed solely by the terms of the official documents under which each particular plan, policy or program is operated.

SEPARATION AGREEMENT AND GENERAL RELEASE

Section 1. SPECIAL SEVERANCE BENEFITS

I, Gregory W. Elliott (EE# ______), understand that on **February 28, 2017** ("Termination Date"), my employment with Ashland LLC ("Ashland"), a subsidiary of Ashland Global Holdings Inc. ("Ashland Global Holdings"), will end, and I will no longer provide services to Ashland Global Holdings, or to any subsidiary or affiliate of Ashland Global Holdings, including but not limited to Ashland. I am signing this Separation Agreement and General Release (the "Separation Agreement") in return for the special severance benefits offered to me hereunder, which are more than would otherwise be provided to me upon termination. Specifically, I understand that I will receive the severance benefits more fully described in **Attachment I** (Summary of Benefits), which is hereby incorporated by reference.

Section 2. COMPLETE RELEASE OF LIABILITY

(a) **General Release.** In exchange for these special severance benefits offered in this Separation Agreement, I completely release all claims I may have at this time against Ashland Global Holdings, and any of its subsidiaries, affiliates predecessors, successors and assigns (collectively the "Company"), and against any of the Company's insurers, officers, directors and employees (collectively with the Company referred to hereafter as "Releasees"). This Release is intended to be a broad release and shall apply to any relief from the Releasees, no matter how denominated, including, but not limited to, claims for future employment, rights or causes of action for wages, backpay, front pay, compensatory damages, punitive damages, or attorneys' fees. I also agree that I will not file any such claim and I hereby agree to indemnify and hold Releasees harmless from any such claim.

(b) **Extent of Release.** This Release includes any and all claims I may have against Releasees which relate either to the time of my employment or to my termination, except the claims mentioned in Section 2(c) below. Some of the types of claims that I am releasing, although there also may be others not listed here, are claims under local, state or federal law relating to:

1. Discrimination on the basis of age, sex, race, color, national origin, religion, disability or veteran status;

2. Restrictions, if any, upon the rights of Releasees to terminate their employees at will, including (i) violation of public policy, (ii) breach of any express or implied covenant of the employment contract, and (iii) breach of any covenant of good faith and fair dealing;

3. Discrimination on the basis of age, including claims under the Age Discrimination in Employment Act (the "ADEA"), which is located at 29 United States Code, Sections 621 through 634;

4. Payments, if any, that might otherwise be owed and payable to me pursuant to the Workers' Adjustment and Retraining Notification (WARN) Act; and

5. Civil actions relating to negligence, defamation, invasion of privacy, fraud, misrepresentation, or infliction of emotional or mental distress.

(c) **Exceptions to Release.** The only claims against Releasees that this release does not include are claims related to:

1. Claims for benefits to which I am entitled under this special severance offer;

2. Any applicable worker's compensation or unemployment compensation laws;

3. Any rights I have under those benefit plans offered to employees of the Company that are governed by the Employee Retirement Income Security Act of 1974, as amended (ERISA), in effect as of my Termination Date; and

4. Any claims that the law states may not be waived.

I further understand that nothing in this Separation Agreement is intended to or shall prevent, impede, or interfere with my non-waivable right, without prior notice to the Company, to provide information to the government, participate in investigations, file a complaint, testify in proceedings regarding past or future conduct of Releasees, or engage in any future activities protected under the whistleblower statutes of other government agency, or the right to receive payment from a government agency for information provided directly to the government agency pursuant to a government-administered whistleblower award program.

Section 3. CONSEQUENCES OF BREACHING MY PROMISES IN SECTION 2

If I breach my promise in Section 2 of this General Release and file a claim or lawsuit based on what I released in this General Release, I agree to pay for all liabilities and costs incurred by Releasees, including reasonable attorneys' fees, in defending against my claim or lawsuit. Provided, however, that this provision shall not apply to any alleged breach due to a challenge of the validity of the ADEA waiver contained herein.

Section 4. CONFIDENTIALITY

I understand and agree that I have acquired Company Information as defined herein. I further understand and agree that such Company Information has been disclosed to me in confidence and for Company use only. I will not disclose or communicate Company Information to any third party, and I will not make use of Company Information on my own behalf, or on behalf of any third party. Further, I agree that I will continue to be bound by the terms of any non-competition, non-solicitation, non-disclosure and/or confidentiality agreements in effect on my Termination Date, whether executed by me as a condition of, or during the course of, my employment with the Company, or executed by me during the course of my employment with a prior employer and subsequently assigned to the Company, the terms and conditions of which are incorporated herein by reference. I further specifically agree that I will continue to be bound by the terms of the Confidentiality, Non-Competition and Non-Solicitation Agreement that I am entering into with the Company concurrent with my execution of this Separation Agreement.

I understand, however, that my obligations under the Confidentiality provisions of this Separation Agreement will not be breached in the event I disclose Company Information to the U.S. Securities and Exchange Commission, to the extent necessary to report suspected or actual violations of U.S. securities laws, or where my disclosure of Company Information is protected under the whistleblower statutes administered by the Occupational Safety and Health Administration, U.S. Securities and Exchange Commission, the Equal Opportunity Employment Commission, the National Labor Relations Board, or any other government agency. I also understand that I am not required to inform Releasees, in advance or otherwise, that such disclosure(s) has been made. I am further advised that if I disclose Company Information that constitutes a trade secret to which the Defend Trade Secrets Act (18 USC Section 1833(b)) applies, then I will not be held criminally or civilly liable under any federal or state trade secret law, or considered to be in violation of the Confidentiality provisions of this Separation Agreement if my disclosure is made solely for the purpose of reporting or investigating a suspected violation of law and in confidence to a federal, state, or local government official, whether directly or indirectly, or to an attorney; or where my disclosure is made in a complaint or other document filed in a lawsuit or other proceeding against a Releasee, and such filing is made under seal.

Section 5. RETURN OF COMPANY INFORMATION AND PROPERTY

I agree that prior to my execution of this Separation Agreement I returned to the Company all Company Information and related reports, maps, files, memoranda, and records; credit cards, cardkey passes; door and file keys; computer access codes; software; and other physical or personal property which I received or prepared or helped prepare in connection with my employment.

I further represent that I have not retained and will not retain any copies, duplicates, reproductions, or excerpts thereof, except as otherwise provided above in Section 4. I understand that the term "Company Information" as used in this Separation Agreement refers to information obtained during my employment with Ashland and/or any parent, division, subsidiary, predecessor or affiliate of Ashland, and includes (a) confidential information including, without limitation, information received from third parties under confidential conditions; and (b) other technical, business, or financial information, the use or disclosure of which might reasonably be construed to be contrary to the interests of the Company.

Section 6. ADVICE TO CONSULT WITH ATTORNEY

I understand that due to the General Release contained herein, I am advised to consult with an attorney before signing this Separation Agreement.

Section 7. PERIOD FOR REVIEW AND COVERAGE OF OFFER

I understand and agree that I have been given at least 45 days to review and consider this Separation Agreement and the General Release contained herein. I understand that I may use as much or as little of this period of time as I wish to prior to reaching a decision regarding the signing of this Separation Agreement. I understand that if I sign this Separation Agreement prior to my Termination Date or if I do not sign, date, and return this Separation Agreement by **April 14, 2017** the Separation Agreement will not be valid and I will not receive the special severance benefits described in Attachment I hereto, and I will not be eligible for any benefits under Ashland's Severance Pay Plan.

I further acknowledge that I have been advised that the offer has been made to all employees in my department whose service is being terminated, as set out in Attachment II, hereto, and has not been offered to those so noted on Attachment II. I understand that additional information can be obtained upon request from my Human Resources representative.

Section 8. EFFECTIVE DATE AND MY RIGHT TO REVOKE GENERAL RELEASE

In accordance with federal law, I understand that my acceptance of this Separation Agreement, and the General Release contained herein, may be revoked by me at any time within seven (7) calendar days after the date of execution noted below. To be effective, the revocation must be in writing and delivered to Peter Ganz, Senior Vice President and General Counsel, Ashland Law Department, 50 E. RiverCenter Blvd, Suite 1600, Covington, KY 41011, either by hand or mail within a seven (7) day period following my execution of this General Release. If delivered by mail, the recision must be:

1. Postmarked within the seven (7) day period;
2. Properly addressed as noted above; and
3. Sent by Certified Mail, Return Receipt Requested.

I understand that this Separation Agreement and the General Release contained herein, and my acceptance of it shall not become effective or enforceable until the first day immediately following the last day of the seven (7) day revocation period (the "Effective Date").

Section 9. GOVERNING LAW

It is agreed that this Separation Agreement shall be interpreted in accordance with the laws of the Commonwealth of Kentucky.

Employee Initials: ___

Section 10. PARTIAL INVALIDITY OF THE GENERAL RELEASE

I agree that if any term or provision of this Separation Agreement is determined by a court or other appropriate authority to be invalid, void, or unenforceable for any reason, the remainder of the terms and provisions of this Separation Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

Section 11. MMSEA REPORTING REQUIREMENTS

I understand that pursuant to Section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (MMSEA), if I have applied for Medicare prior to the execution of this agreement, or if I am likely to become eligible for Medicare within twelve (12) months thereafter, the Centers for Medicare Services will be notified of this agreement.

Section 12. COMPLETE AGREEMENT

It is agreed that the foregoing constitutes the entire agreement between the Company and myself, and that except for those written agreements incorporated herein by reference, and the Confidentiality, Non-Compete and Non-Solicitation Agreement that I have been offered and am entering into with the Company concurrent with my execution of this Separation Agreement, there are no other agreements, oral or written, express or implied, relating to any matters covered by this Separation Agreement, or any other agreement in effect and relating to any other matter whatsoever, whether or not within the knowledge or contemplation of either of the Parties at the time of execution of this Separation Agreement.

I M P O R T A N T N O T I C E

By signing below, I acknowledge as follows:

- **I have read this Separation Agreement and General Release and understand fully its final and binding effect;**
- **The only promises made to me to sign this Separation Agreement and General Release are those stated herein;**
- **I am signing this Separation Agreement and General Release knowingly and voluntarily; and**

* **I have no other claim or expectation of any additional pay or benefits incident to my employment. The benefits I am receiving for this Separation Agreement and General Release are in lieu of, and fully satisfy, all monetary amounts, if any, to which I might otherwise be entitled under federal or state statute or common law.**

[Signature page immediately follows]

ASHLAND GLOBAL HOLDINGS INC.

/s/ Gregory W. Elliott	/s/ Peter J. Ganz
GREGORY W. ELLIOTT	Signature of Company Representative
Employee #	
February 28, 2017	Sr. Vice President, General Counsel and Secretary
Date of Execution by Employee	Title of Company Representative

Attachment 1

SUMMARY OF SPECIAL SEVERANCE BENEFITS AND THE EFFECT OF YOUR TERMINATION ON YOUR PARTICIPATION IN CERTAIN OTHER EXECUTIVE COMPENSATION AND EMPLOYEE BENEFIT PLANS AND PROGRAMS

THE SPECIAL SEVERANCE BENEFITS

You are being offered the special severance benefits, described in this Attachment I, in exchange for your promises and covenants contained in this Separation Agreement. You understand and agree that if you fail to properly execute and return this Separation Agreement within the window specified in Section 7 of this Separation Agreement, or you revoke your acceptance of it within the 7-day window provided in Section 8 of this Separation Agreement, then the Separation Agreement will not become effective, and you will not be eligible for any of the special severance benefits described in this Attachment I, or any benefits under Ashland's Severance Pay plan.

In addition, with respect to those special severance benefits relating to favorable treatment under certain executive compensation and/or employee benefit plans and programs, you understand that in the event this Separation Agreement does not become effect as provided above, then you will not receive this favorable treatment, and instead you will only be eligible to receive those benefits that are required to be paid to you under the relevant plans or programs in the event of your termination.

In general, you cannot continue participation in any employee benefit plan after your Termination Date. If you were enrolled in a group health plan, you may be able to continue coverage by making what is called a COBRA election. You cannot elect to have any premiums you may have to pay for COBRA coverage deducted from any payments you are receiving under the terms of this Separation Agreement.

Should you have any questions concerning Ashland's executive compensation plans please contact Shea Blackburn, HR Consultant for the Executive Compensation group, at (859) 815-3720 or **swblackburn@ashland.com**. For any all other benefits-related questions, questions please contact Denise Brady, Manager, Global Benefits, at (908) 243-4532 or **dbrady@ashland.com**.

The special severance benefits you are eligible to receive under this Separation Agreement are as follows:

LUMP SUM SEVERANCE PAYMENT

You will be eligible to receive a severance payment equal to **78 weeks** of base pay, calculated based on your salary band and rate of base pay in effect as of your Termination Date, and payable in a lump sum, less applicable withholding of taxes, etc., as soon as is practicable, but not more than 15 days, following the Effective Date of this Separation Agreement, as defined in Section 8 of this Separation Agreement.

ADDITIONAL LUMP SUM PAYMENT

In order to assist you with various costs you may incur associated with cancelling current rental agreement, as well as any other contracts or leases associated with your local living arrangements, as well as the costs associated with moving your household goods and furnishings back to your primary residence, you will also receive an additional lump sum severance payment of $15,000, less applicable withholdings (your "Supplemental Severance Benefit") to be paid as soon as is practicable, but not more than 15 days, following the Effective Date of this Separation Agreement, as defined in Section 8 of this Separation Agreement.

INCENTIVE COMPENSATION

If and when Incentive Compensation payments are made under the Amended and Restated Ashland Global Holdings Inc. Incentive Plan for 2015, you will be eligible to receive a pro-rata payment of Incentive Compensation for that portion of FY2017 during which you were actively employed. Such pro-ration will be calculated in accordance with the Company's customary practices. Your payment will be made in accordance with all other terms and conditions of the plan.

MEDICAL AND DENTAL

If you are enrolled in the company's medical and/or dental plans on your Termination Date, then you will generally be eligible for COBRA continuation coverage under the applicable plan(s) for up to 18 months. During the initial COBRA continuation coverage period the cost of this coverage will be paid exclusively by the Company. Your initial COBRA continuation coverage period will be 5 months. During the remaining 13-month COBRA continuation coverage period, you will receive COBRA continuation coverage at the same contribution rates that apply to terminated employees. To be eligible for COBRA continuation coverage, including the initial period during which coverage is provided at no cost to you, you must first make a timely election of COBRA coverage. You make a timely election by completing and returning the COBRA election form that will be sent to you by the Employee Benefits Department.

OUTPLACEMENT ASSISTANCE

You will be provided with executive level outplacement assistance for the 12-month period following your Termination Date, to assist you in your search and transition into other employment. This assistance will be provided to you through a third-party selected by the Company, and will be provided for you at the Company's expense.

RESTRICTED STOCK AND STOCK APPRECIATION RIGHTS

The vesting of stock appreciation rights (SARs), and any shares of restricted stock previously granted to you by Ashland that are not vested on your Termination Date, but which would have vested, under the terms of the grant, on or before August 30, 2018 will be accelerated, and will be immediately vested as of your Termination Date.

All other SARs and shares of Restricted Stock that are not vested as of your Termination Date will be forfeited. Any SARs that are vested but unexercised as of your Termination Date must be exercised on or before the applicable exercise period ends, which is 30-days from your Termination Date, or those SARs will also be forfeited. Please be advised, that you will be blacked out for trading as of March 8, 2017, and that blackout will run for the remainder of the 30-day exercise period which will begin to run as of March 1, 2017. Absent your receipt of insider information during the period prior to March 8, 2017, which would in all events prevent you from exercising these vested SARs, you must exercise them on or before March 7, 2017 or due to the blackout period they will be effectively forfeited. Please review the applicable Incentive Plan provisions and the language of your award agreements, or contact Shea Blackburn directly at (859) 815-3720 or **swblackburn@ashland.com**, if you have any questions about the vesting schedules. If you have any questions about your ability to exercise your vested SARs within the window that closes on March 8, 2017, please contact Jennifer Henkel at (859) 815-3049 or **jihenkel@ashland.com**.

PERFORMANCE UNIT AWARDS (LTIP)

If and when payments are made to active employees, if eligible, you will receive a pro-rata payment under Ashland's Long Term Incentive Plan (LTIP) for each outstanding grant made to you under the LTIP. All payments under the LTIP will be pro-rated through your Termination Date, in accordance with the Company's customary pro-rata practices, calculated based on actual plan measures through the entire applicable plan cycle (including adjustments for unusual items), and made consistent with all other terms and conditions specified in the LTIP and the applicable award agreement.

FINANCIAL PLANNING

You will be reimbursed for eligible financial planning expenses incurred through the end of fiscal year 2017. All receipts for reimbursement must be provided to the Company on or before December 1, 2017.

EFFECT OF YOUR TERMINATION FROM EMPLOYMENT ON YOUR PARTICIPATION IN OTHER EMPLOYEE BENEFIT PLANS AND PROGRAMS

The following summarizes selected terms and conditions from some of the additional executive compensation and employee benefit plans and programs in which you may have participated, and the effect of your termination on these benefits. The actual terms of these plans are in their plan documents. You should refer to the relevant summary plan description for more information on a particular plan and the effect that your severance has with regard to that plan. However should you have any questions concerning any of the executive compensation plans discussed below, please contact Shea Blackburn, HR Consultant for the Executive Compensation group, at (859) 815-3720 or **swblackburn@ashland.com**, and for any other benefits-related questions, please contact Denise Brady, Manager, Global Benefits, at (908) 243-4532 or **dbrady@ashland.com**.

DEFERRED COMPENSATION

Upon your Termination Date, you will receive distribution of your "DCP" account(s) in accordance with your DCP election(s), subject the requirements of Code §409A. Any changes regarding the distribution of your DCP account(s) must be made in accordance with plan terms and are subject to the requirements of Code §409A.

NON-QUALIFIED RETIREMENT PLANS

If eligible, and if you have a vested benefit under any of the excess non-qualified pension plans, then following your Termination Date you will be entitled to receive the benefits provided under such plan(s) in accordance with the terms of the applicable plan and subject to the requirements of Code §409A.

HEALTH SAVINGS ACCOUNT

If you are enrolled in a Health Savings Plan on your Termination Date, then thereafter you can continue to make contributions to your HSA so long as you continue to participate in a medical plan that qualifies as a High Deductible Health Plan (HDHP). This could occur as a result of electing COBRA continuation coverage under your current Company-provided medical plan or as a result of your enrollment in a medical plan offered by a third-party that qualifies as a HDHP. Once your coverage under a HDHP ends, your ability to contribute to the HSA for future periods ends. You may be able to make retroactive contributions to the plan if there were prior periods when you could have made contributions but did not do so. Generally, your ability to contribute for periods in a calendar year when you were covered by a HDHP ends on April 15th of the subsequent calendar year. Regardless of whether you make any further contributions to your HSA after your Termination Date, the funds in your HSA are yours to keep, and can be used to pay for eligible medical expenses for you and your tax dependents in accordance with all applicable withdrawal rules. For more information, refer to IRS Publication 969 (www.irs.gov/pub/irs-pdf/p969.pdf) or contact your tax advisor.

LIFE INSURANCE

Your company provided noncontributory life insurance coverage, contributory life coverage, spouse and dependent child life coverage, and group accidental death and dismemberment coverage will end on your Termination Date. You may be eligible to continue your noncontributory and/or contributory life insurance coverage, spouse and dependent child life coverages after your Termination Date. Continuing these coverages, though, is strictly between you and the applicable insurance companies that provide this coverage. You have a 31-day window following your Termination Date to arrange to continue these coverages. To find out more about your ability to continue these coverages contact Denise Brady, Manager, Global Benefits, at (908) 243-4532 or **dbrady@ashland.com**. A conversion privilege is not available for the group life accidental death and dismemberment portion of your coverage.

Employee Initials: ___

FLEXIBLE SPENDING ACCOUNTS PLAN

If you were a participant in the Flexible Spending Accounts Plan on your Termination Date, then any amount you have remaining in the Dependent Day Care Account and/or the Health Care Account is available to reimburse you for covered services incurred before your Termination Date. Thereafter, you may have rights to continue your Health Care Account coverage by making a COBRA election. Ashland's Employee Benefits Department will provide you with a summary of your COBRA rights that will tell you how to elect to continue coverage under the Health Care Account. A COBRA election can only continue your participation in the Health Care Account through the end of the calendar year in which your Termination Date occurs.

Any amount you have remaining in the Dependent Care Account and/or the Health Care Account is available to reimburse you for covered services incurred before the date your coverage under the particular account ends. Claims for services performed after your coverage ends are not eligible for reimbursement. Claims for reimbursement must be filed by June 30 in the calendar year following the year in which the covered expenses were incurred. Any amounts in your accounts that are not used will be forfeited according to IRS rules.

EMPLOYEE SAVINGS PLAN

Upon your Termination Date, you have a number of withdrawal options. If your account is valued at more than $1,000 on your Termination Date, you have the option of leaving your account in the plan. If your account is valued at $1,000 or less, it will be paid to you as a mandatory lump sum cash-out. If you have an unpaid loan, you may continue to make monthly payments after your Termination Date. Fidelity will send you payment instructions approximately 4 weeks following your Termination Date. To receive Savings Plan information, call Fidelity Investments at (800) 827-4526. You may also access Savings Plan information on the internet by clicking “Access My Account” under NetBenefits at www.401k .com.

LONG TERM DISABILITY, SUPPLEMENTAL LONG TERM DISABILITY; VOLUNTARY ACCIDENTAL DEATH AND DISMEMBERMENT; OCCUPATIONAL ACCIDENTAL DEATH AND DISMEMBERMENT; TRAVEL ACCIDENT INSURANCE AND ADOPTION ASSISTANCE PROGRAM

If you are enrolled in one or more of these plans on your Termination Date, your eligibility for coverage under the applicable plan(s) ends on your Termination Date. If you were covered by the voluntary accidental death and dismemberment plan you may be eligible for conversion privileges within 31 days of your Termination Date. To find out if this applies to you, or to obtain contact information for the applicable insurance company, please contact Denise Brady, Manager, Global Benefits, at (908) 243-4532 or **dbrady@ashland.com**.

VISION COST ASSISTANCE PLAN

If you are enrolled for this coverage, it will end on your Termination Date, although you may be able to elect COBRA continuation of coverage at that time. After your Termination Date Ashland's Vision Plan COBRA administrator will provide you with a summary of your COBRA rights that will tell you how to elect to continue coverage.

UNUSED VACATION/SICK PAY

You will be paid in a lump sum for any unused 2017 vacation, which was earned and accrued as of your Termination Date. You will not be paid for any unused sick pay.

CREDIT UNION

If you are a member of the Credit Union at the time of your Termination Date, you will be able to participate in the Credit Union after your Termination Date. You will need to contact the Credit Union directly to discuss handling of Credit Union business.

MATCHING GIFTS

Participation in the Matching Gifts Program will cease upon your Termination Date.

EMPLOYEE ASSISTANCE PROGRAM

Your participation in the Employee Assistance Program will end on your Termination Date

EXPENSES

If you have incurred any expenses that are reimbursable by the Company, you should submit an approved Expense Report to your supervisor, along with required receipts immediately. In the event there is an outstanding balance owed to Ashland for any charges on your corporate credit card or purchasing card account(s) that are not properly reimbursable under Ashland's reimbursement Policies, you understand and agree that Ashland will make deductions from your severance benefits in order to cover such balance(s).

UNEMPLOYMENT COMPENSATION

State laws control whether you are eligible to receive unemployment compensation. If you decide to file for unemployment compensation, the Company is obligated to inform the state's unemployment commission of the nature of your termination.

VERIFICATION OF EMPLOYMENT

The Company will only verify dates of employment and last job title, department and work location. The Company will only release other information concerning your employment as required by law, or at your request and with your written consent.

Employee Initials: ____

SECTION 409A

It is intended that the special severance benefits described in this Attachment 1 shall be exempt from the requirements of Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A"). With regard to any provision herein that provides for reimbursement costs and expenses or in-kind benefits, except as permitted by Section 409A: (1) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit; (2) the amount of expenses eligible for reimbursement, or in-kind benefits, provided during any taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year; and (3) such payments shall be made on or before the last day of you taxable year following the taxable year in which the expense occurred, or such earlier date as required hereunder.

FUTURE CORRESPONDENCE

Any future information from the Company will be sent to the address you currently have on file (i.e. employee benefit information, W-2's, etc.). Should your address change in the near future you should contact Denise Brady, Manager, Global Benefits, at (908) 243-4532 or **dbrady@ashland.com**. If you have an account established with one of the Company's benefits vendors, you should also contact that vendor to advise of any changes to your physical or e-mail addresses.

IMPORTANT NOTE ABOUT THIS SUMMARY

Details on the benefits from the employee benefit plans discussed above are provided in the summary plan description booklet for each plan. In all events, the rights and obligations of the Company and all covered employees, beneficiaries or other claimants are governed solely by the terms of the official documents under which each particular plan, policy or program is operated.

CONFIDENTIALITY, NON-COMPETITION AND NON-SOLICITATION AGREEMENT

THIS Confidentiality, Non-Competition and Non-Solicitation Agreement (the "Agreement"), made as of the 28th day of February, 2017, by and between **Ashland Global Holdings Inc.** (on behalf of itself and any of its subsidiaries, affiliates predecessors, successors and assigns, including but not limited to Ashland Specialty Ingredients, GP, collectively referred to herein as the "Company"), and **Luis Fernandez-Moreno** (the "Recipient").

WHEREAS, the Recipient's service with the Company is ending and Recipient and the Company are entering into a formal separation agreement;

WHEREAS, the Company desires to (i) protect the Company's confidential and proprietary information, and (ii) restrict Recipient's post-termination employment and solicitation activities.

NOW, **THEREFORE**, intending to be legally bound, the parties agree to the following terms and conditions:

Section 1. Consideration

In consideration of Recipient's covenants of confidentiality, non-competition and non-solicitation contained in this Agreement, the Company agrees to pay Recipient the amount of One Million, Two Hundred Thousand and 00/100 Dollars ($1,200,000), less applicable withholdings, and subject to the limitations and provisions concerning timing provided in Section 11 below.

Section 2. Confidential Information; Developments; RETURN OF MATERIALS

2.1. Confidential Information.

(a) Recipient acknowledges and agrees that as a result of employment with the Company, he has come into contact with, had access to and learned various technical and non-technical Confidential Information relating to the operation of the Company, whether or not such Confidential Information includes trade secrets, which are the property of the Company. Confidential Information includes: financial and business information such as information with respect to costs, commissions, fees, profits, sales, markets, mailing lists, strategies, customer information, customer identities, names and addresses, customer services and customer products, methods, procedures, devices and other means used by the Company in the conduct of its business, marketing plans and strategies, innovative programs and services, acquisition or divestiture plans and strategies, data processing computer programs, databases, formulae, software codes, secret processes, financial products and adaptations thereto, inventions, research projects, and all other matters of a technical nature; names and addresses of the Company's vendors and suppliers, financial arrangements with the Company's vendors and suppliers, and vendor and supplier representatives responsible for entering into contracts with the Company, information with respect to the Company's finances, budgets, funding, investments, costs, and similar financial information; information regarding the Company's clients, their names, service and product histories, and addresses, and referrals to prospective clients; and information with respect to the experience, qualifications, abilities and job performance of the Company's employees. For purposes of this Agreement, a "prospective client" shall mean any person or entity with whom Recipient has had contact, in the two-year time period prior to the termination of his employment with the Company, for the purpose of providing or procuring products or services on behalf of the Company. Confidential Information can be in any form including but not limited to, oral, written or machine readable, including electronic files. Notwithstanding the above, except with respect to personally identifiable information ("PII") about individuals obtained in the course of Recipient's employment with the Company, which shall always be treated as Confidential Information, Confidential Information shall not include any information that was or has been in the public domain at or subsequent to the time it was communicated to Recipient by the Company through no fault of Recipient; was or has been rightfully in Recipient's possession free of any obligation of confidence at or subsequent to the time it was communicated to Recipient by the Company; or is legally compelled to be disclosed by court order, provided that Recipient immediately notifies the Company of such order.

(b) Recipient acknowledges and agrees that disclosing, divulging, revealing or otherwise using any of the aforesaid Confidential Information, other than as specifically authorized by the Company, will be highly detrimental to the business of the Company and serious loss of business and pecuniary damage may result therefrom. Accordingly, Recipient specifically covenants and agrees to hold all such Confidential Information and any documents containing or reflecting the same in the strictest confidence, and Recipient will not, both during the remainder of his employment with the Company or at any time thereafter, without the Company's prior written consent, disclose, divulge or reveal to any person whomsoever, or use for any purpose other than the exclusive benefit of the Company, any Confidential Information whatsoever, whether contained in Recipient's memory or embodied in writing or other physical form. Recipient specifically agrees that this obligation of Confidentiality shall survive the expiration of this Agreement, and shall continue for so long as Recipient has knowledge of such Confidential Information, or otherwise has such Confidential Information in his custody or control.

(c) Notwithstanding anything to the contrary herein, Recipient acknowledges that the federal Defend Trade Secrets Act (the "DTSA") provides that an individual shall not be held criminally or civilly liable for the disclosure of a trade secret that is made (i) in confidence to a government official or to an attorney and solely for the purpose of reporting or investigating a suspected violation of law; or (ii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, Recipient acknowledges that the DTSA provides that an individual who files a retaliation lawsuit against an employer for reporting a suspected violation of law may disclose a trade secret to his attorney and use the trade secret information in court, but only if the individual (x) files any document containing the trade secret under seal; and (y) does not disclose the trade secret, except pursuant to court order. In addition, the Section 2.1(a) and (b) covenants shall not be breached in the event that Recipient discloses Confidential Information to the Securities and Exchange Commission, to the extent necessary to report suspected or actual violations of U.S. securities laws, or Recipient's disclosure of Confidential Information is protected under the whistleblower provisions of any applicable law or regulation. Recipient understands that if he makes a disclosure of Confidential Information that is covered above, he is not required to inform the Company in advance or otherwise, that such disclosure(s) has been made. Nothing in this Agreement shall prohibit Recipient from maintaining the confidentiality of a claim with a governmental agency that is responsible for enforcing a law, or cooperating, participating or assisting in any governmental or regulatory entity investigation or proceeding.

2.2. Developments. Recipient hereby assigns to the Company Recipient's entire right, title and interest in and to any and all technology, information, processes, and materials hereafter made, conceived, written, or otherwise created solely or jointly by Recipient, whether or not such creations are patentable, subject to copyright protection or susceptible to any other form of protection, which: (i) were made during the term of employment with the Company; or (ii) relate to the actual or anticipated business, research or development of the Company; or (iii) were made with the Company's equipment, supplies, facilities, time, Confidential Information or other information; or (iv) are suggested by or result from any task assigned to Recipient by, or work performed by Recipient for or on behalf of, the Company (collectively, "Company Developments"). Recipient agrees that such Company Developments are the sole and exclusive property of the Company to the extent not already owned by the Company or assigned to the Company pursuant to this Agreement or applicable law. Recipient agrees to disclose, deliver and assign in the future to the Company all Recipient's right, title and interest in and to any and all Company Developments and Recipient will, at the Company's request (whether during or after employment), promptly execute a written assignment to the Company of any such Company Developments and provide all assistance that the Company reasonably requests to secure or enforce on a worldwide basis any patents, copyrights, trade secrets and other rights and protections relating to the Company Developments.

2.3. Return of Materials. Recipient further represents that prior to his execution of this Agreement, he delivered to the Company (i) any and all documents, files, client records, notes, memoranda, databases, computer files and/or other computer programs reflecting any Confidential Information or Company Developments whatsoever, or otherwise relating to the Company's clients and/or business; and (ii) any computer equipment, home office equipment, automobile or other business equipment belonging to the Company which Recipient then possessed or had under his control. In addition, Recipient agrees that if at any time following his execution of this Agreement, he discovers that he inadvertently failed to return to the Company any materials such as those described above, he will deliver such materials to the Company within a reasonable time thereafter.

Section 3. <u>Non-Competition; DETRIMENTAL ACTIVITY</u>

Recipient agrees that for a period of twenty-four (24) months following the termination of his employment with the Company, he will not, without the express written permission of the Chief Executive Officer of the Company, (1) engage directly or indirectly in any manner or capacity as principal, agent, partner, officer, director, employee or otherwise in any business or activity competitive with the business conducted by the Company; or (2) perform any other act or engage in any other activity that is determined by the Board of Directors of Ashland Global Holdings Inc., based upon its business judgment, to be detrimental to the best interests of the Company. This would include, but is not limited to, actions such as soliciting or encouraging any existing or former employee, director, contractor, consultant, customer or supplier of the Company to terminate his or its relationship with the Company for any reason, or otherwise violate any contracts or covenants existing between them and the Company; making defamatory statement about the Company, its businesses, officers, directors, or employees; or taking any other actions which might reasonably be expected to cause or lead to unwanted or unfavorable publicity, or otherwise cause harm to the Company or any of the foregoing.

Section 4. Enforcement of Covenants, Equitable Relief, Tolling.

Recipient acknowledges and agrees that compliance with the covenants set forth in Section 2 through Section 3 of this Agreement is necessary to protect the business and goodwill of the Company and that any breach of these covenants will result in irreparable and continuing harm to the Company, for which money damages may not provide adequate relief. Accordingly, in the event of any breach or anticipatory breach of these covenants by Recipient, the Company and Recipient agree that the Company shall be entitled to the following particular forms of relief as a result of such breach, in addition to any liquidated damages or other remedies available to it at law or equity: (1) injunctions, both preliminary and permanent, enjoining or restraining such breach or anticipatory breach, and Recipient hereby consents to the issuance thereof forthwith and without bond by any court of competent jurisdiction; and (2) recovery of all reasonable sums and costs, including attorney’s fees, incurred by the Company if it successfully enforces the covenants.

The restrictive periods set forth in this Agreement shall not expire and shall be tolled, during any period in which Recipient is in violation of the restricted period.

Section 5. Disclosure of Agreement AND New Employment

Recipient agrees that he will promptly disclose the existence of this Agreement to all subsequent employers until the covenants have expired.

Section 6. Interpretation of Provisions

The parties agree that they have attempted to limit the scope of the post-employment restrictions contained herein to the extent necessary to protect the Company’s Confidential Information, client relationships and goodwill.

Section 7. Waiver of Breach

The waiver by the Company of a breach of any provision of this Agreement by Recipient, or the failure of the Company to take action against any other employee(s) or former employer(s) for similar breach(es) on their part, shall not operate or be construed as a waiver of any subsequent breach by Recipient or be construed as a waiver of a breach by Recipient.

Section 8. Binding Agreement

This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Company and the heirs, executors and administrators of Recipient. The Company shall have the right to transfer and assign all or any portion of its rights and obligations hereunder to any third party. This Agreement may not be assigned by Recipient.

Section 9. Applicable Law and Choice of Forum

This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware, without reference to conflicts of law principles, except to the extent governed by federal law in which case federal law shall govern. The parties agree that any action or proceeding with respect to this Agreement shall be brought in a court of competent jurisdiction in the State of Delaware, and the parties hereby agree to the personal jurisdiction thereof, and irrevocably waive any claim they may now or hereafter have that any such action brought in such Delaware court(s) has been brought in an inconvenient forum.

Section 10. Severability

In the event that any of the foregoing clauses may be deemed or determined to be a breach of any law, rule or regulation or otherwise unenforceable, such determination shall not affect any of the other clauses of this Agreement, but such other clauses shall remain in full force and effect.

Section 11. Termination of Agreement

This Agreement shall terminate on the earlier of i) the date on which the Company provides written notice to Recipient that it is terminating this Agreement due to Recipient’s breach of his obligations hereunder, in which case no payment of the consideration more fully described under Section 1 of this Agreement shall be owed to Recipient; ii) the date of Recipient’s death, in which case the amount of the consideration provided for under Section 1 of this Agreement shall be pro-rated by the number of full months during the original 24-month period prior to the Recipient’s death, and such pro-rated payment shall be made to the estate of the Recipient within 15 days of the date on which the Company has received notice of Recipient’s death, and copies of all tax and probate documents necessary to effect such payment, but in no event will such pro-rata payment be made later than the end of the year following the year in which the Recipient's death occurs; or iii) the date on which the restrictive covenants provided for in Sections 2 and 3 of this Agreement expire, which shall be February 28, 2019, unless extended as a result of the tolling provisions in Section 4 of this Agreement, in which case the consideration provided for in Section 1 of this Agreement shall be paid in full, within 15 days thereof.

Section 12. <u>Recovery of Consideration.</u>

If the Company discovers, after making the payment provided for under Section 1 of this Agreement, that Recipient was in material breach of this Agreement during its term, then the Company shall have a period of three (3) years from the date on which the payment was made to seek recovery of the payment from Recipient or his estate.

Section 13. <u>SURVIVAL OF PROVISIONS.</u>

The obligations relating to Confidentiality, Company Developments and Return of Materials described in Section 2 of this Agreement shall survive the expiration of this Agreement and shall continue for so long as the Recipient continues to have knowledge of Confidential Information or have Company materials in his custody or control, or for so long as his assistance is reasonable necessary to secure and protect Company Developments. In addition, those rights of the Company under Section 12 of this Agreement shall survive the termination of this Agreement, and shall remain in effect for an additional three (3) years following the termination of this Agreement.

Section 14. <u>Modification of Agreement, Effect on Other Agreements.</u>

This Agreement is in addition to certain other agreements which may also apply to restrict Recipient from engaging in those actions prohibited hereunder, and the enforceability of those other agreements, and any obligations of the Recipient and/or rights of the Company arising thereunder shall not be modified or otherwise impaired by this Agreement. This Agreement may be amended only by a writing signed by both parties. Recipient acknowledges that he has not relied on any representations, promises or agreements of any kind made to him in connection with his decision to sign this Agreement, except for those set forth in this Agreement.

THE RECIPIENT ACKNOWLEDGES THAT HE HAS READ AND UNDERSTANDS THE FOREGOING PROVISIONS, AND THAT SUCH PROVISIONS ARE REASONABLE AND ENFORCEABLE.

[Signature page immediately follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement or caused this Agreement to be executed the day and year first above written.

ASHLAND GLOBAL HOLDINGS INC.

By: /s/ Peter J. Ganz

Its: Senior Vice President, General Counsel and Secretary

- And -

/s/ Luis Fernandez-Moreno

LUIS FERNANDEZ-MORENO

Employee Initials:___

EXHIBIT 12

ASHLAND GLOBAL HOLDINGS INC.
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(In millions)

	Years ended September 30					Six months ended March 31	
	2016	2015	2014	2013	2012	2017	2016
EARNINGS							
Income from continuing operations	$ 3	$ 191	$ 72	$ 553	$ 14	$ 112	$ 178
Income tax expense (benefit)	133	(22)	(188)	196	(57)	24	35
Interest expense	167	148	149	208	197	77	81
Interest portion of rental expense	22	20	29	25	28	11	10
Amortization of deferred debt expense	23	18	14	65	54	98	6
Distributions in excess of (less than) earnings of unconsolidated affiliates	5	7	(11)	(15)	(32)	(3)	1
	$ 353	$ 362	$ 65	$ 1,032	$ 204	$ 319	$ 311
FIXED CHARGES							
Interest expense	$ 167	$ 148	$ 149	$ 208	$ 197	$ 77	$ 81
Interest portion of rental expense	22	20	29	25	28	11	10
Amortization of deferred debt expense	23	18	14	65	54	98	6
Capitalized interest	1	2	1	1	1	1	1
	$ 213	$ 188	$ 193	$ 299	$ 280	$ 187	$ 98
RATIO OF EARNINGS TO FIXED CHARGES	1.66	1.93	(B)	3.45	(A)	1.71	3.17

(A) Deficiency Ratio - The Ratio of Earnings to Fixed Charges was less than 1x. To achieve a ratio of 1x, additional total earnings of $76 million would have been required for the year ended September 30, 2012.

(B) Deficiency Ratio - The Ratio of Earnings to Fixed Charges was less than 1x. To achieve a ratio of 1x, additional total earnings of $128 million would have been required for the year ended September 30, 2014.

EXHIBIT 31.1

CERTIFICATIONS

I, William A. Wulfsohn, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ashland Global Holdings Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's Board of Directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 26, 2017

/s/ William A. Wulfsohn

William A. Wulfsohn
Chairman and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATIONS

I, J. Kevin Willis, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ashland Global Holdings Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's Board of Directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 26, 2017

/s/ J. Kevin Willis

J. Kevin Willis
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32

ASHLAND GLOBAL HOLDINGS INC.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Ashland Global Holdings Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned, William A. Wulfsohn, Chief Executive Officer of the Company, and J. Kevin Willis, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ William A. Wulfsohn

William A. Wulfsohn
Chief Executive Officer
April 26, 2017

/s/ J. Kevin Willis

J. Kevin Willis
Chief Financial Officer
April 26, 2017